

STRUCTURING ECONOMIC POWER
FOR STABILITY OPERATIONS

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MASTER OF MILITARY ART AND SCIENCE
General Studies

by

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ABSTRACT

STRUCTURING ECONOMIC POWER FOR STABILITY OPERATIONS, by MAJ Andrew Timothy Wallen, 95 pages.

Stability operations have played a significant role throughout the history of United States foreign policy. By their nature, these operations have a strong economic context. This thesis provides a methodology for evaluating current institutional structures and economic doctrines being forged among various government agencies. It then uses that methodology to uncover gaps and overlaps within current institutional structures that will spell difficulty in the execution of future stability operations. The initial recommendation is to strengthen the mechanisms for interagency unity of command within the context of stability operations. Next are recommendations to improve both civilian agency understanding of military operations as well as military capacity to perform economic development. Following improved capacity is a call for increased funding flexibility from Congress and increased economic intelligence sharing among the government agencies. The final recommendation is for an interagency economic training and doctrine center that will establish a common foundation for all agencies participating in economic development.

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ACRONYMS

ARG	Afghan Reconstruction Group
COO	Chief Operating Officer
DoD	Department of Defense
DoDD	Department of Defense Directive
FM	Field Manual
MDMP	Military Decision Making Process
NSPD	National Security Presidential Directive
S/CRS	State Department Office of the Coordinator for Reconstruction and Stabilization
SWNCC	State War Navy Coordinating Committee
UN	United Nations
UNOSOM	United Nations Operation Mission in Somalia
US	United States
USAID	United States Agency for International Development
USIPeace	United States Institute of Peace
USMC	United States Marine Corps

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CHAPTER 1

BACKGROUND AND HISTORICAL CONTEXT

If we aim deliberately at the impoverishment of Central Europe, vengeance, I dare predict, will not limp. Nothing can then delay for very long that final civil war between the forces of reaction and the despairing convulsions of revolution, before which the horrors of the late German war will fade into nothing and which will destroy, whoever is victor, the civilization and the progress of our generation. (Keynes 1920, 268)

J. M. Keynes,
The Economic Consequences of Peace

If properly applied, economic policy will have a strong positive impact on the success of stability operations. If ignored, the consequences can be dire. As shown in the above quote by J. M. Keynes, there was both concern and warning over the economic measures taken against the central powers after World War I that eventually contributed to the destabilization of Europe as it accelerated into World War II. Similarly, as one of many determinants of success, economic considerations should be a deliberate part of the planning and execution for stability operations. As a result, there must be an institutional structure and doctrine that can support the development of economic plans and execution of those plans.

Chapter 1 of this thesis will provide a foundation for the remainder of the thesis. To this end, chapter 1 will supply the purpose, limitations, assumptions, and definitions that provide informal writing an understanding of what is to be accomplished. Beyond this general understanding, chapter 1 offers a historical background on economics and stability operations in order to demonstrate the importance of economic operations within stability operations. Economic operations have historically been an afterthought to the more pressing initial military operations with the result being a hastily assembled

economic plan. A 3 January 2005 article in the *Wall Street Journal* notes that supporters of a professional core for post conflict response describe stabilization and reconstruction efforts between the Cold War and Afghanistan as “undertaken essentially from scratch, by mustering whatever personnel and money the government could” (King and Jaffe 2005, A4). Within a stability operation, political and economic actions have an impact that is equal to or greater than that of the military actions. To establish and maintain robust standing, institutions focused on economic development within stability operations that will survive during times of war and peace, decision makers must accept two basic premises. The first is that, given historical precedent the United States (US) will more likely than not continue doing stability operations. The second is that those operations will need to include a significant economic component if the US is to be successful. While institutions appear to be developing more economic capability in support of stability operations, they do not appear to be building a sufficient, much less, robust capability. This point is driven home with a quick examination of US government budgets where priorities are quantifiably reflected in dollars. The president’s fiscal year 2005 emergency supplemental funding request included 17 million dollars for the State Department Office of the Coordinator for Reconstruction and Stabilization (S/CRS) of which Congress approved 7 million dollars (Partnership for Effective Peacekeeping 2005, 1). Unfortunately, S/CRS fared no better in the fiscal year 2006 appropriations passed by Congress. The president requested 24 million dollars for S/CRS operating expenses and 100 million dollars for a conflict response fund. In the end, there was no specific earmark for the 24 million dollar operating costs, and the 100 million dollar conflict response fund was not funded (Partnership for Effective Peacekeeping 2005, 3). While S/CRS was

obviously not a funding priority, Congress did approve an amendment to the Defense Appropriation that allows the Department of Defense (DoD) to transfer up to 200 million dollars to the State Department to accomplish tasks under the purview of S/CRS (Partnership for Effective Peacekeeping 2005, 1). Historically, government agencies outside of the DoD and State Department have assumed little if any role in planning for and executing stability operations. As a result, the first step in chapter 1 is to establish the prevalence of stability operations within the history of the US and the need for standing institutions and doctrine to integrate economics with military planning for stability operations. Chapter 2 will provide a review of literature involving economics and stability operations. This review will be used to introduce concepts that will be useful in methodology and analysis. Having established the need for standing economic institutions and doctrine, chapter 3 will provide a methodology for evaluating the currently evolving institutional structures and economic policies that are being forged among various government agencies. In chapter 3, the standard by which the currently developing institutions are measured will be developed. Chapter 4 goes a step further by filling in the research and analysis of the institutional structures and doctrine using the methodology provided in chapter 3. In doing so, the primary US government institutions involved with stability and economics will be addressed with respect to how they meet the standards developed in chapter 3. The goal of chapter 4 is to uncover gaps and redundancies within the developing structures that will spell difficulty in the execution of future stability operations. Finally, chapter 5 will include the conclusions and recommendations from the analysis in chapter 4.

Significance of the Study

Stability operations have played a significant role throughout the history of the US military from the 1800s through the present day. While progress has been made in the execution of stability operations, there still is not a mature, political and military structure that facilitates the planning and execution of economics within stability operations. There is need for both an institutional structure and a doctrinal structure. The institutional structure includes the functional makeup and integration needed to plan, organize, and execute the economic aspects of a stability operation. The doctrinal structure includes a conceptual framework that will facilitate the achievement of the desired results of the stability operation. In addition, these structures must consider the roles and responsibilities for all of the organizations that will have to execute an economic operation.

As a result, this thesis has implications for DoD, the US Agency for International Development, the S/CRS, the Commerce Department, and Treasury Department. The intended result is to provide a framework for the development of institutional structures and doctrine. Those institutional structures will be capable of executing economic policies that can shorten the length and violence associated with stability operations.

Central America and the Small Wars Manual

Stability operations are not recent phenomena for the US. On the contrary, the US has been involved with stability operations for much of its history. In addition to some of the larger stability operations after World War II, many conflicts involving stability operations were carried out by the US Marine Corps (USMC) in the Central American and Caribbean States prior to World War I. This form of conflict became frequent enough

that by 1940, the USMC developed a *Small Wars Manual* to address them.¹ This manual defined small wars as “operations undertaken under executive authority, wherein military force is combined with diplomatic pressure in the internal or external affairs of another state whose government is unstable, inadequate, or unsatisfactory for the preservation of life and of such interests as are determined by the foreign policy of our Nation” (USMC 1940, 1). By their very nature, these operations involved an attempt to build a more stable political infrastructure. While the USMC foresaw the need to assume a political role within the nation, they did not, in their manual, focus on economic doctrine that may increase the long-term stability of the nation. The USMC experience demonstrates that while stability operations have a long history for the US, there was no establishment of institutional structures that would be able to plan and execute the economic operations for the next stability operation. While there was not recognition for standing economic institutions in the small wars experience, larger wars such as World War II highlighted the need among political and military leaders for a more focused economic effort.

Post World War II Economic Considerations

For the post World War II stability operations of Japan and Germany, the US had gone beyond advocacy of an executive authority, as was done in the small wars, to include establishing economic policy. General MacArthur’s authority was detailed in State War Navy Coordinating Committee (SWNCC) 150/4, *Politico-Military Problems in the Far East: United States Initial Post-Defeat Policy Relating to Japan*.² The economic authority given to General MacArthur in this document highlights the significant role economics played in the stabilization of Japan both in terms of economic demilitarization and general economic growth. In terms of demilitarization, the SWNCC dictated that:

Those forms of economic activity, organization and leadership shall be favored that are deemed likely to strengthen the peaceful disposition of the Japanese people, and to make it difficult to command or direct economic activity in support of military ends. To this end it shall be the policy of the Supreme Commander: (a) To prohibit the retention in or selection for places of importance in the economic field of individuals who do not direct future Japanese economic effort solely towards peaceful ends; and (b) To favor a program for the dissolution of the large industrial and banking combinations which have exercised control of a great part of Japan's trade and industry. (SWNCC 1945, 48-59)

While economics was used as a tool for demilitarization, economic policy and action was not limited to military ends. General MacArthur was concerned that his democratic reforms would not be accepted in Japan because of the desperate economic conditions. To fight these conditions, he was able to initially provide food using surplus military rations from troop reductions. This initial injection of food was supplemented with 250 million dollars of food, fertilizer, and petroleum products requested by General MacArthur and appropriated by Congress to ensure the continued subsistence of the Japanese people (Dobbins et al. 2003, 37). Economic aid thus played a major role in establishing an environment where General MacArthur's democratization program had the opportunity to succeed.

In Germany, economic recovery proceeded as well, but it was complicated by conflicting policies. In a 1974 interview, General Clay,³ the military governor of Germany after World War II, describes JCS-1067, *Directive to Commander-in-Chief of United States Forces of Occupation Regarding the Military Government of Germany*, as "extremely difficult to operate under" (McKinzie 1974, 5). General Clay continues, saying that "if you followed it literally you couldn't have done anything to restore the German economy . . . when we were ordered to put in a currency reform this was in direct controvention of a provision of JCS-1067 that prohibited us from doing anything to

improve the German economy” (McKinzie 1974, 5). Realizing that economic revitalization would play a significant role in the peaceful rehabilitation of Germany, General Clay worked in a peacemeal fashion to undermine the strict provisions of JCS-1067. Germany’s economic recovery was also hampered by the fact that multiple countries were determining economic policy in Germany. The cross purposes of France and the Soviet Union demanding reparations while the US and Britain were trying to build a self-sustaining German economy is abundantly clear in the following quote from James Dobbins’ work on America’s nation-building efforts.

In particular, the U.S. government forced German mines to deliver coal to France and other nearby states for free. In return, the U.S. zonal authorities provided miners with food and wages. In addition, the Soviet Union dismantled German plants in both the British and U.S. zones and shipped the equipment back to the Soviet Union as part of reparations. Thus, some of what was given was taken away by other governments. (2003, 18)

While the post World War II stabilization operations were successful, they provide significant lessons learned both negative and positive. General Clay’s experience in Germany particularly highlights some of the difficulties. The lack of an established doctrine and standing institutions specifically for planning and executing the economic effort created confusion and inefficiencies to the extent that General Clay was forced to undermine JCS-1067 in order to make the stabilization effort successful. The inconsistency in policies of the Allied Powers caused similar impediments to growth. On the other hand, the unity of command under General MacArthur allowed for an economic unity of effort that paved the way for his democratization efforts.

Stability operations did not end with World War II, but continued through the Cold War to include such operations as the Vietnam War and El Salvador. After the Cold War, the intensity of stability operations accelerated with operations occurring in such

places as Somalia, 1992 to 1994; Haiti, 1915 to 1934, 1994 to 1996, and 2004; Bosnia, 1995 to present; Kosovo, 1998 to present; Afghanistan, 2001 to present; and Iraq, 2003 to present. These operations offer a wide range of results and lessons learned even with many of them still being active. The 1994 Haiti mission in particular was a relatively clean operation able to achieve at least some of its stated goals such as the restoration of the Airstide government. Unfortunately, the stability approach in Haiti did not sufficiently address long-term economic reforms as well as reforms that are inextricable linked to economics such as good governance. “Ultimately, the failure to make the Haitian government more effective also resulted in the failure of the reconstruction program” (Dobbins et al. 2003, 85). This highlights the importance of a systems approach in stability operations. Institutions planning and executing economic operations within a stability operation must view the unstable nation as a system where a failure to reform and rebuild in one area will have an impact in other areas. Governance, security, and economics cannot be reformed independently; instead they are all interdependent and integrated. This interdependence underscores the argument that economic institutions and doctrine supporting stability operations need to be standing and mature so the relationships necessary for this integration are established and rehearsed before executing the stability operation. If history can be any indication, the US will be faced with stability operations in the future and must plan for the economic aspects of these operations.

Linking Economics and Politics

Thus far, the thesis has focused on explaining that the US can expect to continue performing stability operations in the future and has asserted that there should be robust standing institutions and doctrine to plan for the economics of these operations. This

assertion requires evidence that economic events can impact and even destabilize a nation to the extent that the US needs a standing capability to plan and execute economic operations. There is a wealth of anecdotal data that can be used to conclude a relationship between economic policies and political stability does indeed exist.

One such event occurred in Tunisia in 1984.⁴ In this Tunisian example:

Violent demonstrations, originating in the impoverished southwest and south of Tunisia at the very end of December and spreading throughout the country during the first week of January, followed the introduction of measures by the Tunisian government to remove food subsidies as part of their 'economic stabilisation' programme approved by the International Monetary Fund and the World Bank. The sudden doubling of bread prices was a crucial factor in the outbreak of mass unrest. (Seddon 1986, 1)

Examples of successful stability operations infused with economic policy include Germany and Japan after World War II. These two cases are generally considered unqualified successful stabilization or occupation and nation building operations. The Economic Recovery Plan, also known as the Marshall Plan, is widely credited with a significant role in the recovery of Germany after World War II. When faced with a destabilizing economic post World War II environment, the US launched the Marshall Plan. While successful, the plan was a reaction to a deteriorating situation with the first ship carrying aid not arriving in Europe until three years after Victory in Europe Day (Marshall Foundation 2006). Similarly, the economic recovery in Japan which accelerated with the economic activity caused by the Korean War added justification to the democratic reforms that had been enacted after World War II (Dobbins et al. 2003, 3). These post World War II cases provide examples of where economics has played a major role in postwar stability. This is particularly true when compared to the political

instability in Germany after World War I, where the Allied Powers emphasized economic retribution at the expense of economic recovery.

These cases are bolstered by the British counterinsurgency experience in Malaysia, which was fought between 1948 and 1960. Sir Robert Thompson details his Malaysian experience laying out basic principles for counterinsurgency. He begins with the premise that an insurgency needs an issue that can be used to exploit a seam between the people and the government (1966, 21). To combat the insurgency then requires a broad strategy that incorporates the various elements of civilian society that can be used to influence the population in addition to the military measures to provide a secure environment (Thompson 1966, 55). In terms of priority of influence, Sir Robert Thompson said that there are three main forces that will influence the population: nationalism, religion and culture, and economic well being (1966, 63). Of these three, he gave primacy to economic well being stating that: “However powerful nationalist or religious forces may be, that of material well-being is as strong if not stronger” (1966, 65). Sir Robert Thompson’s experience certainly lends itself to the importance of developing a standing institution for the planning and execution of economic operations when there is a reasonable likelihood of involvement in stability operations.

The above examples demonstrate that economic considerations must be included in stability operations. The ad hoc incorporation of economic considerations will at best risk prolonging the operation, or at worst risk defeat. Instead, there must be an institutional structure that can participate in deliberate planning, contingency planning, doctrinal development, and execution of economic policy.

Research Questions

The primary hypothesis for this thesis is: There should be robust standing economic institutions and doctrine to plan for and execute stability operations. This initial hypothesis is addressed in chapter 1 as a necessary pretext to the subsequent questions. Chapter 1 argues that there should be standing economic institutions and doctrine because: (1) the US will likely continue involvement stability operations and (2) economics plays a vital role in the successful conclusion of those operations. Beyond this hypothesis, there are a number of additional questions that must be answered. The first set of additional questions involves determining how to organize institutions that will be tasked with performing economic operations under the umbrella of a broader stability operation. These questions explore the currently evolving institutions to determine if there are gaps and overlaps between these existing institutional structures and the institutional structures that need to be in place to successfully assume responsibility for economic doctrine, planning, and execution. The second set of supporting questions, explores the economic doctrinal considerations. These questions will evaluate existing doctrinal concepts against doctrinal concepts that must be in place to ensure the proper integration and theoretical platform for success. The hypothesis and subsequent supporting questions are displayed in figure 1.

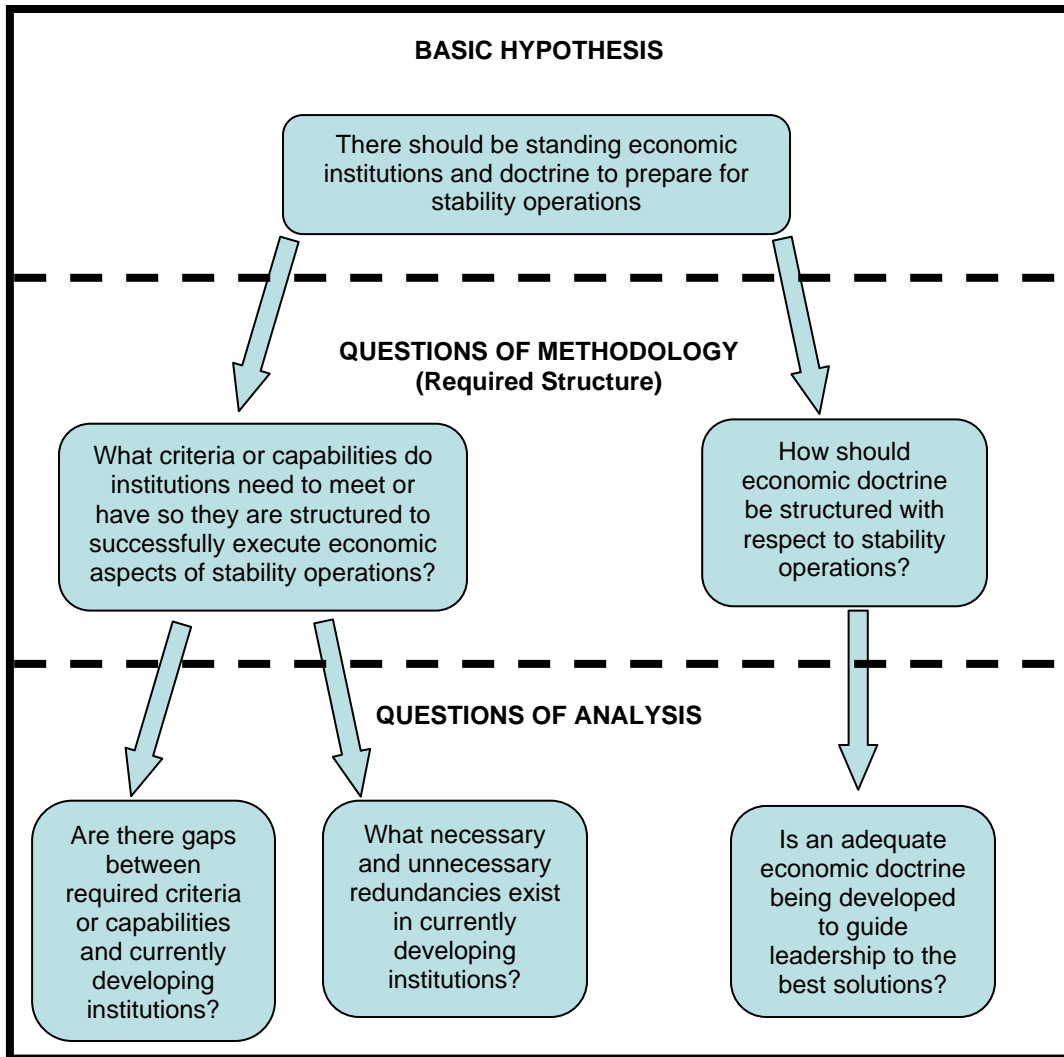


Figure 1. Research Questions

Assumptions

The first assumption is that there is a group of people within a country being stabilized who will respond to economic incentives. The people in a country being stabilized can generally be divided into three categories: antistability forces, prostability forces, and the fence sitters (Chiarelli and Michaelis 2005, 6). The fence sitters are generally a significant portion of the population and the ones who will be the most

responsive to economic incentives such as increased employment. This assumption is significant because absent the fence sitter demographic, the economic incentives will not have a significant impact.

The second assumption is US policy will encourage some form of free market economy as the most acceptable end state for a stability operation. The occupation of Japan adds credibility to this assumption. In this occupation, the US had very few restrictions levied by the international community and the policy was biased toward competitive, free market operations. This assumption is further bolstered by the more recent operations in Afghanistan and Iraq where the desired end state includes a pluralistic economy. The significance of this assumption is the potential impact it has on doctrinal development and its role as a foundation for US involvement in stability operations.

A third assumption is that the population will respond to economic stimuli. If there are overwhelming ideological considerations, economic stimuli may not have a significant impact on the population. In these cases, resources would be more effectively consumed fighting the insurgency using noneconomic means of influence.

Limitations

One of the greater limitations will be availability of information. The US is currently developing institutions to address shortfalls in stability operation capabilities. While there is a great deal of information on these developing institutions, they are not yet full developed and defined. Given the dynamic nature of these institutions, a cutoff date for data collection is necessary to allow sufficient time for analysis. The cutoff date for data collection in this thesis is 30 April 2006.

A second limitation involves the myriad of variables that impact both economics and stability. This limitation places some uncertainty on the impact of economic operations. While there will not be absolute certainty, this concern can be mitigated somewhat by using theoretical relationships in conjunction with anecdotal historical examples and, where data is available, statistical analysis of the variables under consideration.

A third limitation is determining cause and effect. While similar to the second limitation, this limitation is more concerned with which variable is independent and which is dependent. One might be able to determine that a relationship exists between two variables, but still be unsure about cause and effect within the relationship. For economics and political stability, there is some disagreement over which is the independent variable and which is the dependent variable from a macroeconomic perspective. Within the context of this thesis, some of the disagreement can be mitigated by looking at the cause and effect for more isolated events. Using the Tunisian example above, economics may not have been the exclusive reason for the riots, but it was certainly a primary reason with the rise in bread prices being an open grievance among those rioting. These types of events, where the cause and effect are laid out together, can alleviate some of the problems with both relationships and cause. This limitation will likely support the need for economic and security operations to be implemented in a parallel fashion vice a more linear phased approach.

Delimitations

The scope of thesis will be limited to US government agencies. While foreign governments, non-governmental organizations, and other players have a significant role

in the economic aspects of stability operations, they could not be considered a standing institution of the US government. As such, their tremendous contribution is recognized, but extends beyond the scope of this thesis.

While it will be necessary to address some cultural issues that impact and are impacted by economics, this thesis will be focused on economic development and reconstruction performed within stability operations. As a result, cultural impacts will only be pursued as they pertain to economics.

The institutional structure for developing sound economic doctrine, planning, and execution is a subset of an overall institutional structure for stability operations. While there is overlap in evaluating these structures, the focus will be on the economic subset of the institution.

This thesis is focused on institutions and doctrine associated with economics and stability operations. While policies are discussed as historical examples, this thesis will not provide recommendations of policies that should be executed given a particular situation. Similarly, since the thesis is focused on the economics of stability, economic options for destabilizing a government will not be addressed.

Stability operations as defined for this thesis can include actions before conflict, during conflict, and after conflict. It logically follows that stability operations can be performed in the absence of military personnel. An underlying concern of this thesis is the integration of economics in stability operations when the operation requires a military presence. As a result, the analysis and conclusions will focus on those operations that include a military presence.

Definitions

Center of Gravity. The main strength of an enemy (Strange and Iron 2004a, 24).

Counterinsurgency. “Those military, paramilitary, political, economic, psychological, and civic actions taken by a government to defeat insurgency” (JP 1-02 2001, 127).

Crisis Action Planning. “The time-sensitive planning for the deployment, employment, and sustainment of assigned and allocated forces and resources that occurs in response to a situation that may result in actual military operations” (JP 1-02 2001, 133).

Critical Capability. An ability possessed by a center of gravity which gives that center of gravity the power to negatively impact friendly operations. (Strange and Iron 2004b, 7).

Critical Requirement. “Conditions, resources and means that are essential for a center of gravity to achieve its critical capability” (Strange and Iron 2004b, 7).

Critical Vulnerability. “The critical requirements that are deficient or vulnerable to neutralization or defeat in a way that will contribute to a center of gravity failing to achieve its critical capability” (Strange and Iron 2004b, 8).

Defensive Economic Operations. The examination of how to mitigate impediments to economic progress.

Deliberate Planning. “A planning process for the deployment and employment of apportioned forces and resources that occurs in response to a hypothetical situation” (JP 1-02 2001, 152).

Democracy. “Government by the people; a form of government in which the supreme power is vested in the people and exercised directly by them or by their elected agents under a free electoral system” (*Random House College Dictionary* 1982, 353).

Doctrine. The fundamental principles that guide the actions of government institutions as they support national objectives. “It is authoritative but requires judgment in application” (Joint Electronic Library 2006).

Economics. “How society uses its scarce resources” (Economist.com 2005).

Economic Development. Any actions taken to sustain, expand, or improve the economic conditions of the population targeted in a stability operation. This term is inclusive of economic reconstruction.

Economic Doctrine. A statement of officially sanctioned principles, and terminology that describes and guides the proper use of economics in stability operations.

Economic Infrastructure. The physical structures and man-made institutions that enable the target population of a stability operation to participate in and expand opportunities for investment, banking, commerce and other economic activities.

Economic Initiative. Gaining the confidence of a population by taking economic development actions before an adversary has the opportunity to create hostility in a population from poor economic conditions.

Economic Institution. For the purpose of this thesis, an economic institution is an organization or a group of organizations focused on stability operations with respect to the development of economic doctrine, training for economic tasks, organizing to perform economic tasks, equipping for economic tasks, planning economic tasks and executing economic tasks. This institution should be able to prepare for economic

development that will be needed for stability operations and execute economic development during stability operations.

Economic Intelligence. Information about the economic status and environment of a nation or region. Examples include information about viability of agriculture, local lending practices and stability of the local currency.

Economic Operations. With respect to stability operations this term refers to actions taken that are intended to positively impact the economy of the area being stabilized. Since many actions taken will have some economic impact either directly or as a bi-product, economic operations also involve the analysis and consideration of all actions to determine their impact on the economy. Also includes actions taken to mitigate impediments to economic progress. Examples include overt economic actions such as establishing a small business center. Examples also include incidental economic actions such as analysis on how to distribute contracts among local vendors or even analysis on whether a piece of economic infrastructure should be destroyed in kinetic operations.

Economy of Force.⁵ “The act of allocating minimum essential (economic) resources to secondary efforts” (FM 3-07 2003, 1-20).

Effects Based Problem Solving. A problem solving methodology that determines the consequence that is desired and then adopts the course of action that will most likely achieve that consequence.

Golden Hour. “A time frame of several weeks to several months, during which external intervention may enjoy some popular support and international legitimacy, and when potential spoilers may have insufficient time to organize” (Jones 2005, xii).

Insurgency. An “organized movement aimed at the overthrow of a constituted government through use of subversion and armed conflict” (JP 1-02 2001, 264)

Maneuver.⁶ “The act of placing the enemy in a disadvantageous position through the flexible application of (economic) power” (FM 3-07 2003, 1-20).

Mass.⁷ “The act of concentrating the effects of (economic) power at the decisive place and time” (FM 3-07 2003, 1-20).

Moral Center of Gravity. People who are able to maintain the will and resources to continue fighting (Strange and Iron 2004a, 26).

Objective. “The act of directing efforts toward clearly defined, decisive, and attainable objectives that will achieve the end state” (FM 3-07 2003, 1-19).

Offensive. “The act of seizing, retaining, and exploiting the initiative” (FM 3-07 2003, 1-20).

Security. “The act of never permitting the enemy to acquire an unexpected advantage” (FM 3-07 2003, 1-22).

Simplicity. “The act of preparing clear, uncomplicated plans and clear, concise orders to ensure thorough understanding” (FM 3-07 2003, 1-22)

Stability operations. “Multi-agency operations that involve all instruments of national and multinational action, including the international humanitarian and reconstruction community to support major conventional combat operations if necessary; establish security; facilitate reconciliation among local or regional adversaries; establish the political, social, and economic architecture; and facilitate the transition to legitimate local governance” (Smith 2005, 3). This definition includes counterinsurgency operations, nation building, and support, stability, transition and reconstruction (SSTR).

Surprise. “The act of striking the enemy at a time, place, or in a manner for which he is unprepared” (FM 3-07 2003, 1-22).

Systems Approach. A method of analysis that looks beyond an immediate problem to consider the entire range of independent variables that have an impact on the problem. In other words, instead of simply looking at a symptom, the problem solver takes a holistic approach that uses a methodological analysis to examine the system that frames the context of the problem. As an example, instead of considering insurgent attacks as strictly a security problem resolved by military force, the problem solver methodologically examines relationships of the violent acts to conditions in the economic, social, political, and security environment that may be used to mitigate future violence.

Unity of Command. “The act of ensuring that for every objective, there is unity of effort under one responsible commander” (FM 3-07 2003, 1-20).

¹While the *Small Wars Manual* was recently updated, the previous version was used to demonstrate the time frame in which the Marine Corps had formal doctrinal statements on small wars.

²This document provided general objectives and policies related to Japan after surrender.

³General Clay was the deputy military governor of Germany under General Eisenhower following World War II. General Clay then became the Military Governor two years later (Encyclopedia Britannica, accessed on 20 February 2006).

⁴While the riots began after the increase in food prices, the Tunisian government claimed the true source of the riots was outside agitators suspected to be from Lybia and Lebanon. The government claimed young people of Tunisia were misled by the agitators to riot over the increase in price of this basic staple with the underlying goal of the agitators being the overthrow of the government. Correspondingly, the government claimed that if there were no agitators then the disruption over the increase in prices would have been much less severe. The riots were quelled after the public cancellation of the rise in bread prices. While there were some indications of involvement by Lybia, and Lebanon, Seddon concludes that the demonstrations were largely spontaneous with the increase in bread prices sparking an underlying tension rooted in such things as poverty, unemployment and inequality. Regardless of whether the violence was agitated externally or spontaneous, this case shows the potential explosiveness of an economic issue for a political regime.

⁵This Principle of War has been defined in a way that brings greater clarity to its economic implications in stability operations.

⁶This Principle of War has been defined in a way that brings greater clarity to its economic implications in stability operations.

⁷This Principle of War has been defined in a way that brings greater clarity to its economic implications in stability operations.

CHAPTER 2

REVIEW OF THE LITERATURE

A review of the literature provides three distinct categories of readings that are related to this thesis. The first category of readings is primarily concerned with macroeconomic theory as it relates to a political system. These readings provide a tremendous amount of economic background that lends support to the potential utility of economics in political stability and may serve as a source for economic doctrine. As a result, there are general principles captured in these books that may be used to enhance economic stability and in turn impact social stability.

One example of this first category of book is *Democracy and Development* by Adam Przeworski and others. In this work, Przeworski examines the interaction between economic development and the type of regime a nation possesses, specifically looking at democracy versus dictatorship. While he concludes there is not a relationship between the type of regime and overall economic growth, he does assert that per capita incomes grow faster in democracies. He attributes this income advantage to a lower population growth rate as oppose to higher macroeconomic growth. While Przeworski's findings are certainly significant and useful, absent is the degree of economic freedom allowed by the democratic or dictatorial regime and the influence that it has on macroeconomic growth. A dictatorship cited by Przeworski as having spectacular economic growth is Singapore. In this case, dictatorship was not synonymous with economic repression. Singapore has consistently been rated as having a great deal of economic freedom by the Heritage Foundation Economic Freedom Scale¹ rivaling Hong Kong for the rating of the "most," free economy. Przeworski's conclusion on per capita income together with this additional

information about Singapore provide a functional rationale to the assumption that the US will foster free market economies in that a faster growing per capita income will likely increase long-term political stability. Subsequent work performed by Abdiweli M. Ali, of the Cato Institute, supports the conclusion that stability in economics has a significant relationship with political stability. This conclusion further confirms the significance of sound economic doctrine being developed for use in the planning and execution of stability operations.

A second example of a book focused on macroeconomic policy is *The Noblest Triumph Prosperity and Property Through the Ages* by Tom Bethell. In this text, Mr. Bethell highlights the significance of private property rights in the development of a strong stable socioeconomic system. To bolster his point, Mr. Bethell cites case studies where communities instituted private property rights and their resultant change in fortunes. Mr. Bethell also extended his argument on property rights to the historical economic decline sans oil revenues within many Middle Eastern nations from the decline of the Ottoman Empire through the present. This theory is given added credibility and pertinence by Dr. Fahim I. Qubain's² observations of 20th Century Iraq. Dr. Qubain authored, *The Reconstruction of Iraq: 1950-1957*, which is discussed in a subsequent review. Mr. Bethell's arguments promote the importance of economics in developing a strong sociopolitical structure.

The second category of readings is primarily concerned with operations where the intent is to stabilize a nation. These books provide a wealth of information into the use of all the instruments of national power³ and many times emphasize non-military roles for defeating opposition to stability. One book that is particularly insightful in this regard is

Defeating Communist Insurgency, The Lessons of Malaya and Vietnam by Sir Robert Thompson, Permanent Secretary of Defence for Malaya during the 1950s. Sir Robert Thompson's book is based on his personal experience fighting the Malayan insurgency and as an advisor against the insurgency in South Vietnam. He notes that every insurgency needs a cause upon which to build popular support (Thompson 1966, 21). He later builds on this initial idea to advocate that success in fighting an insurgency requires the government to have a broad plan including economic and any other actions, which have an effect on the insurgency. This plan must be well coordinated and well balanced with the priority being to defeat the political subversion as oppose to the insurgents directly (Thompson 1966, 55). Sir Robert Thompson not only provides basic principles for defeating an insurgency, but he also includes specific examples of successful policies, to include economic policies, that facilitated the success in Malaya. Sir Robert Thompson's experience as detailed in his book, support the development of an institutional structure and doctrine from which to plan and execute economic operations.

A second example of this category is *America's Role in Nation Building from Germany to Iraq* by James Dobbins and others at RAND. In this work, Mr. Dobbins examined selected examples where the US has been involved in nation building. The examples in his study include Germany, Japan, Somalia, Haiti, Bosnia, Kosovo, Afghanistan, and Iraq. Each nation building effort was systematically analyzed by reviewing three aspects of the nation building effort: the challenges, the US and international roles, and what happened. Economic policies and results are woven into all three areas reviewed. The economic focus was broad structural changes in the economy such as currency reform and stabilizing the central banking system. This work provides

some doctrinal foundations as well as a look at roles and responsibilities for joint and coalition operations. James Dobbins produced a companion work called *The UN's Role in Nation Building* that provides similar insights from the perspective of United Nations advocated missions.

A third example of books focusing on stability operations is *The Economic Consequences of Peace* by J. M. Keynes. Mr. Keynes represented the British Treasury in the Paris Peace Conference of 1919 and followed with participation in the Supreme Economic Council. He resigned after determining that his objections to the terms of peace following World War I would not be accepted. In *The Economic Consequences of Peace*, Mr. Keynes details his objections to the terms of peace many of which, given his position, were economic in nature. Mr Keynes' conclusions were dire. He predicted the collapse of Central Europe's economies followed by a war of greater violence and destruction than World War I. Unfortunately, his predictions were proven accurate by history. Mr. Keynes' concerns provide significant insights for stability operations today with respect to the importance of maintaining the ability to integrate economics into the overall stability effort.

A fourth example in this category is *The Reconstruction of Iraq: 1950-1957* by Fahim I. Qubain. Dr. Qubain's book demonstrates the difficulty of developing an economy within an environment of political turmoil. He also highlights the significant role economic conditions can play in adding to or even creating political instability. Dr. Qubain devotes a chapter to land reform, as both a political and economic issue, which he describes as the underlying factor of political, economic, and social turmoil within Mid-20th Century Iraq.

A fifth example is *The Marshall Plan Revisited, The European Economic Recovery Program in Economic Perspective*. In this book, Immanuel Wexler analyzes the European Recovery Program popularly known as the Marshall Plan from inception to results. He defines the program as an economic enterprise used as an instrument of foreign policy and therefore takes an in-depth look at the declared economic goals in comparison to its economic accomplishments. President Truman sent a special message to Congress outlining the basic design of the Marshall Plan with five points:

1. Make genuine European recovery possible within a definite period of time
2. Insure that funds and goods supplied by the US would be used most effectively
3. Minimize the financial cost to the US
4. Conserve this country's physical resources, and
5. Assure a wise and efficient administration of the enterprise. (Wexler 1983, 25)

These five points were accompanied by a request to authorize “6.8 billion dollars for the first fifteen months of the program and a total of 17 billion dollars for the period April 1, 1948-June 30, 1952 [inclusive of the first fifteen months of the program]” (Wexler 1983, 25). While the five points list objectives for the program, they do not address the underlying rationale for the program which was to build stable economies in Western Europe, that were able to oppose communist intrusion, and as a result remain politically free and stable (Wexler 1983, 250). Given this rationale, Wexler concludes that “while the Marshall Plan did not enable Western Europe as a whole to achieve [complete] economic viability by 1952, it certainly laid a firm basis from which [they] . . . could generate their own economic momentum” (Wexler 1983, 154). Most Western European states were able to sustain their own growth by the end of the Marshall Plan and eventually had developed to the point where they could economically assist other nations (Wexler 1983, 254).

The third category of readings includes government documents that have established a framework for policy and information in stability operations. An example of this category is *The Small Wars Manual* by the US Marine Corps. The *Small Wars Manual* provides guidelines for many of the issues encountered during stability operations in around the world from 1800 through 1934 (USMC 1940, 2). Some of the issues covered include military civil relationships, supervision of elections, disarming the population, organizing the police force, and establishing a military government. While there is recognition of a need for properly functioning governmental functions, establishing economic policy is not a focus area for the manual.

A second example in the government documents category is Army Field Manual (FM) 3-07, *Stability Operations and Support Operations*. This manual provides guidance on the Army's role in such operations as Peacekeeping, Peace Enforcement, Foreign Internal Defense, and Humanitarian and Civic Assistance. The manual relates stability operations to the Principles of War and provides a background of the sources of instability. The Principles of War are a broad set of enduring principles accepted by the US Army that are essentially a summary of successful operations (FM 3-0 2001, 4-12). Linking the Principles of War to stability operations may prove useful as a framework for evaluating what organizational structure will provide the best opportunity for success in a stability operation.

Economics as a source of instability is included under the ungovernability source of instability. While economics is addressed in the manual, it is not a focus; instead, the manual focuses on more traditional military operations such as fire support and mobility. A sub-text to this manual is Army FM 3-07-22, *Counterinsurgency Operations*. This

manual views combat operations as a shaping operation to create the environment where political, economic, and social progress can be made. As a result, planners are told to consider political, economic, and social considerations for planning and execution of operations. While the manual does not go into detail for how to develop economic courses of action, it does list factors to consider when assessing an economic situation. These FMs show the current initial direction for economic doctrine.

In July of 2004, the State Department established an Office of the Coordinator for Reconstruction and Stabilization, which is building a set of documents for planning and executing stability operations. While some of these documents are still in a draft form, they are still available for review. Being in an early stage of development, there is a focus on developing an organizational structure and essential tasks required to support planning, preparation, and execution of reconstruction and stabilization to include economic operations. One of these S/CRS documents is *Post-Conflict Reconstruction Essential Tasks*. This document provides a hierarchy of tasks that need to be performed in a stability operation. One major category of tasks is “Economic Stabilization and Infrastructure.” The tasks listed under economic stabilization and infrastructure are broken into three phases: “initial response,” “transformation,” and “fostering sustainability.”

A second S/CRS document is the *US Government Draft Planning Framework for Reconstruction, Stabilization, and Conflict Transformation*. The document was produced jointly by the State Department and the DoD and is displayed on the S/CRS website as representing their positions. This document outlines some planning considerations for stability operations. One of the fundamental precepts of the document is the defining of

principles of planning. The principles listed are: “Unity of Effort,” “Simplicity,” “Flexibility,” and “Consistency and Standardization of Products” (United States Joint Forces Command 2005, 8). Interestingly, these planning principles have similarities with the long established Principles of War adopted by the US military. The Principles of War include unity of command, which has the ultimate goal of unity of effort and simplicity. The Maneuver Principle of War aligns well with the Flexibility Planning Principle. Army FM 3-0 describes Maneuver as requiring “flexibility in thought, plans, and operations” (FM 3-0 2001, 4-14). The Consistency and Standardization of Products Planning Principle takes into account the Economy of Force Principle of War by trying to maximize the efficiency of resources involved in the planning process.

The close relationship between the S/CRS Principles of Planning and the US Army Principles of War suggests that the Principles of War may be useful in developing requirements for institutions that assume responsibility for economic efforts within stability operations. Army FM 3-0 provides a list of nine Principles of War. These principles include objective, offensive, mass, economy of force, maneuver, unity of command, security, surprise, and simplicity. Chapter 3 will review these principles in more detail as they relate to economics and their utility in developing requirements for institutions that will work economic development in stability operations.

Referring again to US Army FM 3-07 is helpful in showing the scope of stability operations. While distinguishing stability operations from offensive, defensive, and support operations, FM 3-07 insightfully describes the scope of stability operations as occurring before, during, and after these types of operations. This description recognizes that stability operations are not only the final phase of operations performed serially after

offensive operations. Instead, stability operations are correctly performed before, during, and after other operations. This has ramifications on institutions charged with performing economics as a part of stability operations because they must now have the ability to integrate with all phases of military operations.

The Civil Affairs community in the US Army has an organizational structure that broadly supports stability and reconstruction efforts. Included in their organizational concept is an economic and commerce team. According to the Civil Affairs Force Design Update Unit Reference Sheets there is a planned decrease in personnel devoted to economics and commerce (US Department of the Army 2005, 10-17).

The United States Agency for International Development (USAID) has produced a series of documents addressing economics and stability some of which include the *Fragile States Strategy*, and *At Freedom's Frontiers, A Democracy and Governance Strategic Framework*. The *Fragile States Strategy* builds a method for “analyzing governance in fragile states” by developing a framework that includes economic effectiveness and economic legitimacy (*Fragile States Strategy* 2005, 4). This document goes further to provide examples of policy options for states where the “legitimacy of the government is in question” and where the “legitimacy of the government is weak or non-existent” thus setting conditions for violence (*Fragile States Strategy* 2005, 1).

At Freedom's Frontiers: A Democracy and Governance Strategic Framework establishes four key dimensions of democracy. These dimensions include: (1) Rule of Law; (2) Institutions of Democratic and Accountable Governance, (3) Political Freedom and Competition, and (4) Citizen Participation and Advocacy (*At Freedom's Frontiers*, 2005, 8). While the focus of the document and these dimensions is democracy, the

“Institutions of Democratic and Accountable Governance” dimension incorporates an economic component. Within this dimension is government’s responsibility to establish conditions that will encourage economic growth. Additionally, the document acknowledges a relationship between economic security and civic participation with the result being support for programs promoting economic and social rights (*At Freedom’s Frontiers*, 2005, 11).

Another document by USAID, *Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity* also highlight the link between good governance and economics. Chapter 2 of this document focuses on economic growth. This chapter examines the role of government institutions as both an inhibitor and catalyst of long-term economic growth. Corruption is decried as one of the strongest inhibitors to economic growth. “No problem does more to alienate citizens from their political leaders and institutions, and to undermine political stability and economic development, than endemic corruption among the government, political party leaders, judges, and bureaucrats” (*Foreign Aid in the National Interest* 2002, 40). On the other hand, the document focuses on government’s ability to foster economic growth by creating an environment safe for investment and trade, thus lowering the transaction cost and encouraging economic activity.

The Department of the Treasury publishes information on a variety of both domestic and international economic topics. One of their international papers was a Congressional Report on the integrity of Multilateral Development Institutions. These institutions such as the Asian Development Bank and the International Finance Corporation can play a significant economic role in stabilizing a nation’s economy. The

Department of the Treasury also publishes information summarizing their activities to promote economic growth in developing nations. Information on the Department of Treasury website states that they engage in such activities as “aid effectiveness, public expenditure management, financing mechanisms and instruments, infrastructure, and social sectors including health and education” (Department of the Treasury 2006). While these activities are not necessarily in the context of stability operations, the activities could be helpful in stability operations.

The Commerce Department publishes information related to stability operations. One such document is the “Business Guide for Iraq” which “reports on the existing and future opportunities for trade and investment in Iraq” (Business Guide for Iraq 2005, 2). The Commerce Department also produced a document titled “Overview of Key Industry Sectors in Iraq.” This work provides a plethora of information about the national economic structure for Iraq and potential for reconstruction by economic sector.

¹The Heritage Foundation Economic Freedom Scale includes 50 metrics broken into the following 10 classes: “Trade policy, Fiscal burden of government, Government intervention in the economy, Monetary policy, Capital flows and foreign investment, Banking and finance, Wages and prices, Property rights, Regulation, [and] Informal market activity” (Miles 2005, 58).

²Dr. Qubain is a Jordanian born author who received his Ph.D. from the University of Wisconsin and directed the Yale University based Middle East Research Program of the Human Relation Area Files.

³The instruments of national power include “diplomatic, informational, military, [and] economic” (FM 3-0, 1-4).

CHAPTER 3

METHODOLOGY

Given that the basic hypothesis has been addressed, the methodology for this thesis can be split into three steps. The first step is to develop a set of criteria or requirements that must be met for economic institutions and doctrine to be successful in a stability operation. This first step will be included in the methodology chapter because it is the measuring stick, or method, by which current developing institutions and doctrine will be evaluated. Analysis questions that need to be answered within the context of this thesis are shown in figure 2. This first “criteria development” step is necessary to answer these questions because there needs to be a criteria or requirement in order to measure the current institutions. These criteria will be used in later steps as a basis for analysis from which to evaluate both gaps and redundancies.

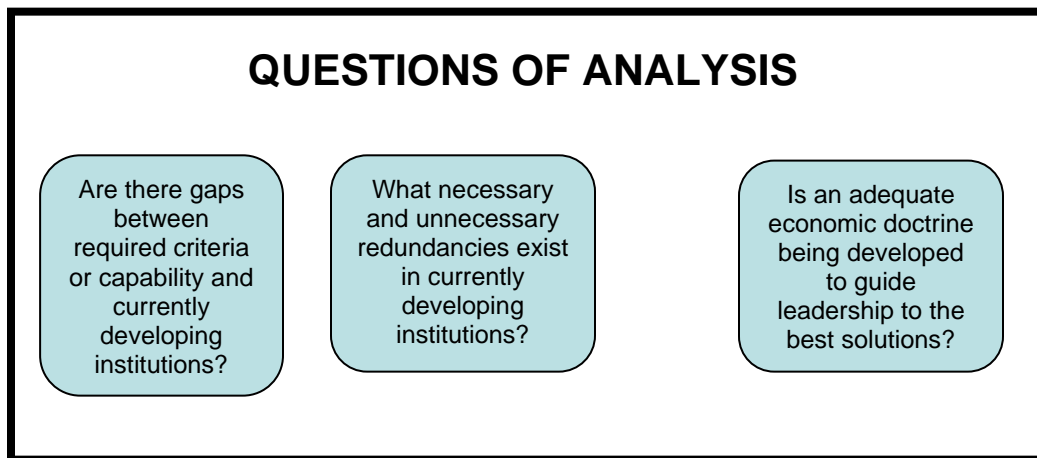


Figure 2. Questions of Analysis

The second step in this methodology is to review the currently developing institutions and doctrine. This step will be included in the analysis section of this thesis. This analysis will focus on five institutions: the DoD, S/CRS, USAID, the Department of the Treasury, and the Department of Commerce. Each of these institutions carries a prominent role in working economic issues and stability. The following is a brief description of the role each government agency has defined for itself with respect to stability operations.

The Department of Defense Directive 3000.05 published in November of 2005 states that “stability operations are a core U.S. military mission that the Department of Defense shall be prepared to conduct and support” (DoDD 3000.05 2005, 2). This is a change in perspective for much of the DoD. Previously, the DoD focused primarily on conventional war with stability operations playing a secondary role. This new directive elevates stability operations to an equal level with conventional war.

S/CRS is a relatively new organization within the State Department. The mission of S/CRS states that “the office will lead, coordinate, and institutionalize U.S. government civilian capacity to prevent or prepare for post-conflict situations, and to help stabilize and reconstruct societies in transition from conflict or civil strife so they can reach a sustainable path toward peace, democracy and a market economy” (S/CRS Information Sheet 2005, 1). S/CRS is the State Department’s primary office to work toward satisfying National Security Presidential Directive 44 which granted the State Department lead agency status for coordinating the civilian agencies for stability operations.

USAID has its ideological roots in the Marshall Plan following World War II, but was not officially organized in its current form until 1961 with passage of the Foreign Assistance Act into law. In its primer, USAID aligns their mission with security and economics by stating that “USAID plays a vital role in advancing U.S. national security, foreign policy, and the War on Terrorism. It does so by addressing poverty fueled by lack of economic opportunity” (United States Agency for International Development 2006, 2).

The Department of the Treasury includes an Office of International Affairs. This office “performs constant surveillance and in-depth analysis of global economic and financial developments and then engages . . . to develop and promote good policies” (Department of Treasury 2006).

Finally, the Department of Commerce has engaged in recent stability operations. To assist in the economic development efforts, the Commerce Department assembled Reconstruction Task Forces for both Afghanistan and Iraq (Afghanistan Investment and Reconstruction Task Force 2006).

The third step in the methodology is to compare the currently developing institutions and doctrine to the criteria that is defined in this chapter. This comparison will be made with a focus on gaps, unnecessary redundancies, and necessary redundancies. The gaps are criteria that are not met by the capabilities of the institutions under evaluation. Redundancies are those criteria that are fulfilled by multiple institutions. Necessary redundancies include those cases where there is a need for more than one institution to meet the same criteria and unnecessary redundancies include those cases where two or more institutions are meeting the same criteria in a manner that is superfluous.

The three step methodology described above is summarized in figure 3. Having the three steps of the general methodology defined, the thesis can now proceed to develop the substance of the first step. The first part of this step will be to develop the criteria for institutional structures.

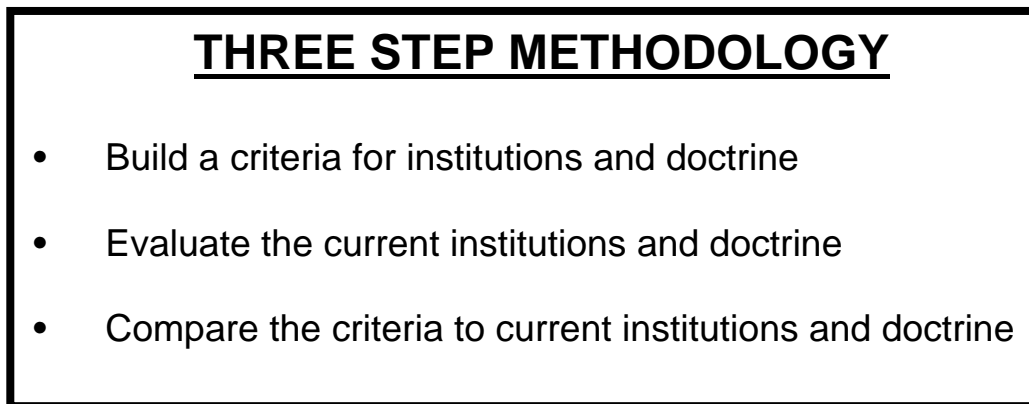


Figure 3. Methodology

Criteria for Institutional Structures

One widely recognized set of enduring principles for operating in an environment of conflict are the Principles of War. According to US Army FM 3-0, the Principles of War “are the enduring bedrock of Army doctrine . . . they summarize the characteristics of successful Army operations” (2001, 4-12). Many of these principles carry over to economic activities within a stability operation. An institutional structure charged with doctrine, planning, and execution of economic policy in a stability operation must be sufficiently able to satisfy these principles as they apply to economics. The Principles of War as defined by the US Army include unity of command, objective, offensive, mass, maneuver, economy of force, security, surprise, and simplicity (FM 3-0 2001, 4-12).

Some of these principles reflect a focus on combat operations while others lend themselves more broadly to economic operations. While the economic piece of a stability operation could involve a variety of government agencies, it should not be planned or executed in isolation to concurrent military operations. Instead all pieces of the stability operation must be working toward the same objectives, and the planning should reflect this cohesion of purpose, which in turn, is supported by the first principle of war.

The first principle, unity of command, is a necessity for economic operations. Not only should economic development proceed under unified leadership, but these economic development operations will also need to integrate with the other components of the stability effort such as governance and security. Without this integration, there is an increased risk of losing unity of effort and having the economic efforts either be of no avail, or even work against other aspects of the stability effort. Maintaining unity of command is the most reliable method of sustaining unity of effort. Institutional structures tasked with planning and executing the economic aspects of a stability operation must have a way to organize under a unified chain of command for planning and execution of the stability operations.

The second principle, objective, is also necessary for economic operations. The economic efforts must be focused on obtaining some defined end state. If there is not a stated objective, funding will be squandered on projects that may or may not contribute to the end state for the overall stability operation. Institutional structures performing economic operations must be able to work in concert during both deliberate and contingency planning to derive economic objectives at the tactical operational and strategic levels that complement the overall objective of the stability operation.

The third principle, offensive, also has application in economic operations. If initiative is not seized, retained, and exploited, the enemy will build a base of support with the population by exploiting economic situations and requirements that are not being met by the government, but are perceived government responsibilities. The enemy can do this by appearing to fill a void left by the government or inciting the population to violence. As a result, an economic offensive operation, such as establishing a banking infrastructure, or setting up business centers, will likely require an integrated information operation so the population is aware not only of the progress, but of who is responsible for the progress. Institutional structures for economic operations need to exploit analytical and intelligence capabilities to determine where and how the initiative must be taken. This analytical and intelligence capability will then be used to build courses of action for how and where to incorporate economic initiative that will ultimately help achieve the objective. As a result, a criterion for the institutional capability is to have the analytical and intelligence capability to feed planning processes.

The fourth principle, mass, is a useful concept for economic operations. If there are segments of the population where violence can be tied to perceived economic injustice, then economic “mass” should be applied to those segments. As an example, in Baghdad, the Task Force Baghdad noticed a correlation between a lack of infrastructure, unemployment, and attacks on US soldiers in certain areas of the city (Chiarelli and Michaelis 2005, 10). This realization led the Task Force to mass economic effects to those segments of the population that were vulnerable to recruiting by terrorists because of a dire economic environment. The result was a decline in terrorist incidents for these areas after economic projects were able to improve both employment and infrastructure.

Institutional structures for economic operations must have access to a sufficient stream of resources in terms of people, cash, information, equipment, and local contract authority in order to quickly mass economic effects in an area.

The fifth principle, maneuver, in terms of an economic force is concerned with being able to rapidly deploy a robust force that can execute economic operations where you need them when you need them. It is also concerned with being able to quickly formulate and execute changes to economic operations when required. These requirements demand an institution with a robust mobile force that can meet a variety of economic challenges simultaneously in multiple places while planning for contingencies where the original plan has failed to achieve its objectives. The resulting criterion from this capability is a force that is deployable and sufficiently robust to plan and execute economic operations within an overall stability operation. Underlying this capability is persistence. Persistence demands that an economic presence remains until long-term economic objectives have been achieved so that stability gains are not lost shortly after the conclusion of the stability operation.

The sixth principle, economy of force, fits well as an economic principle for stability operations. Given that resources are limited, funding must be prioritized to projects that will have the biggest impact on the populace. Since the possibility of providing economic mass at all places at all times will not be a resource reality, institutional structures for economic operations must include the concept of centralized control and decentralized execution with only the resources required to complete a mission actually being allotted to that mission. Centralized control and decentralized execution are enablers for the principles of mass and maneuver. Centralized control

means that the economic focused resources will need to have some centralized leadership providing direction, determining how resources are allocated and shifting resources to higher priority efforts as required. Decentralized execution delegates authority down to lower levels so those planning and executing economic aspects of an operation at that level can respond to the local circumstances. Decentralized execution prevents resources being wasted by applying a common solution to dissimilar problems and by applying a solution from a distance that requires local knowledge.

The seventh principle, security, is also necessary to sustain economic operations. If there is insufficient security, economic progress will be undermined by enemy attacks. Since it is impossible to defend an entire economic infrastructure, considerations of security will have to include prioritizing economic security requirements, dependence on indigenous security forces, and support of the local populace. Economic operations and security must be done in parallel within a stability operation because they are mutually beneficial for progress. Task Force Baghdad found this to be the case in their operations, concluding that the economic progress was a matter of force protection (Chiarelli and Michaelis 2005, 10). To accomplish this parallel of operations, an economic institution must be thoroughly integrated with the military institution executing stability operations. The integration must begin with planning and exercises and follow through the actual execution of the stability operation.

The eighth principle, surprise, has very little applicability to economic operations. Within a stability operation, economic operations are generally performed openly and are publicized to gain support for the government the US is supporting.

The ninth principle, simplicity, is also a valuable tool for economic operations. Creating clear, uncomplicated plans and clear, concise orders will be critical in developing a plan that is executable. Execution of economic operations will likely involve communication among multiple US government agencies, non-governmental organizations, local government officials at multiple levels, and the local populace. Communications may be over long distances with an undeveloped physical infrastructure. In addition, there will be concurrent military and political actions within the stability operation. The inherent complexity of communications within this environment emphasizes the need to draft plans that can be understood not only by those executing policies, but also by those who are the targets of the economic policies. As a result, an economic institution charged with this responsibility must have a mature planning capability that includes a robust communications competence.

Training and accession capabilities are common requirements for all organizations. While these two capabilities do not reach the status of principles, they do merit some discussion. Training is a precursor to success in all of the other considerations found in the Principles of War. Without a rigorous training program, there will not be an adequate capacity to develop the doctrinal foundation or the plans that will emanate from that doctrine. Institutional training is also needed for those committed to executing the economic policy within a stability operation. As a result, the training must be multifaceted so those trained can carry out their duties in a potentially hostile environment while coordinating with a wide variety of organizations. Since the environment will likely be one where multiple organizations must act in concert, a

training regimen will need to be common among the organizations required to perform economic development within the context of stability operations.

Accession challenges will vary among the organizations involved in economic development. These organizations must have the ability to recruit personnel who are capable of performing the business of economic development in the various environments common to stability operations most notably a hostile environment. A second challenge is to acquire people who have experience with economic development from both the private sector and the public sector. In analysis, discussion will explore the variety of accession venues that will need to be tapped for economic development to be successful.

This methodology provides a basic set of criteria by which the developing institutions can be evaluated. Some of the criteria overlap from one principle to the next. One example is the criteria established for objective and offensive both involve planning. While there are overlapping criteria among the principles, each principle does add insight into the requirements the economic institutions must collectively satisfy in order to have the capability to integrate economics into a stability operation. In short, the criteria give a broad understanding of what needs to be accomplished by an institution or set of institutions in order to build the capability for successful economic operations within the context of a stability operation. The criteria are listed in table 1 and will be used in the analysis chapter to evaluate the currently evolving institutions.

Table 1 Institutional Methodology Criteria

<u>PRINCIPLE</u>	<u>CRITERIA</u>
Unity of Command	Unity of command both within the economic operation and the overall stability operation
Objective	Ability to integrate both deliberate economic plans and contingency economic plans into an overall stability operations plan so the desired objectives of the stability operation are met
Offensive	Active ongoing analytical and intelligence capability to determine where and how the initiative must be taken and the capacity to integrate this capability into both deliberate and contingency planning.
Mass	Access to sufficient streams of personnel, equipment, supplies, information and cash to mass economic effects
Maneuver	Robust, rapidly deployable, persistent force that can meet a variety of economic challenges simultaneously in multiple places while planning for contingencies when the original plan has failed
Economy of Force	Centralized control and decentralized execution
Security	Ability to integrate with military capabilities and operations in planning and execution so progress will not be made and then quickly sacrificed
Surprise	Not applicable
Simplicity	Mature planning capability that includes a robust communication competence when giving instruction to include templated formats and a common terminology

Criteria for Economic Doctrine

As defined earlier, doctrine is a set of fundamental principles used to guide action (Joint Electronic Library 2006). The origin of most military doctrine is essentially a combination of lessons learned from prior experiences and theory (Sorrells et al. 2005, 9).

In order to ensure a comprehensive approach economically, doctrine must include multiple facets. With respect to existing practices, doctrine needs to provide for the inclusion of economic solutions into an interagency problem solving process similar to the military decision-making process (MDMP) used by the US Army. The MDMP is essentially a linear problem solving process used to determine a course of action that will accomplish a received mission. A primary way to accomplish this integration is to incorporate economic courses of action into the overall thought process when performing the MDMP. This method of integration is useful when trying to resolve a problem where economics is part of a broader solution set. Without a doctrinal solution for integration between security and economic efforts at the operational and tactical problem solving level, economic development and security operations will at best miss opportunities for synergistic effects and at worse work against each other.

In addition to integrating economics into a problem solving process, leaders in stability operations will likely have to use a systems approach to characterize problems that are primarily of an economic nature. The situations where a leader is faced with a problem that is solely economic in nature will likely be few, if any. Economic problems will be inextricable linked with security, political, and other issues faced within a stability operation. As a result, doctrine for issues that are primarily economic should be structured around a systems methodology that considers the uncertainty and influence from non-economic sources on what appear to be economic decisions. Similarly, the impact of economic decisions on military and political operations should also be considered.

This systems approach is also useful when determining potential impediments to economic progress, which in turn may cause deterioration in security and stability thus impacting the whole system or environment. It provides a framework by which the planner can perform a more comprehensive evaluation. An example where this type of analysis would have been useful is 1950s Iraq where the country was trying to build economic stability. In his book, *The Reconstruction of Iraq*, Qubain lists the following obstructions to economic development in 1950s Iraq:

1. Consistent political dissention and violence requiring government attention
2. Lack of Executive Branch consistency ending in wholesale policy changes
3. A system of patronage and corruption vice competent civil service employees
4. Resistance to economic reform that threaten the position of the privileged
5. A lack of widespread skilled labor
6. A shortage of state revenue
7. Insufficient private investment (1958, 22-28).

These impediments to economic reform were not limited to the domain of economics instead they involved aspects of culture, politics, and physical security. Once again, these outside influences demand a systems approach that takes a comprehensive examination of the overall stabilization problem.

One example of a more systematic approach to doctrine development is the Strange and Iron adaptation of Clausewitz's Center of Gravity. The center of gravity is the enemy's strength (Strange and Iron 2004b, 7). Strange and Iron incorporated three additions to the center of gravity concept: critical capabilities, critical requirements, and critical vulnerabilities (Strange and Iron 2004b, 7-8). These concepts together with the

center of gravity concept compel planners to look at the enemy more holistically than a simple focus on fielded forces. With the inclusion of critical capabilities and requirements, the enemy's economic, social, and political infrastructure assumes a more prominent role in planning operations.

In execution of operations, economic doctrine cannot simply be incorporated in the later phases of a multiphase operation when civilian control is established. If there is a militarily dominant phase, the two venues of doctrine, effects-based problem solving and systems, will need to be considered in order for the transition from military to civilian to be as seamless as possible. Many times there will be a need for the soldier to do political, economic, and military tasks until he can be replaced by a civilian (Galula 1964, 88). As soon as is possible, the civilian tasks should be carried out by civilians, but the soldier will need to be prepared to perform those tasks initially (Galula 1964, 88). As a result, the economic doctrine must have a common understanding across all of the agencies that will be required to perform economic tasks throughout all phases of the stability operation.

An additional concept underpinning the effects based problem-solving approach and systems methodology is that the doctrine must be developed and accepted by all agencies involved with economic aspects of stability operations. If the doctrine is to be used in building a true interagency effort, it must be developed jointly by the agencies involved. Otherwise efforts will be piecemeal without a common foundation.

CHAPTER 4

ANALYSIS

Now that the basic criteria have been assembled, the organizations mentioned in chapter 3 can be evaluated in terms of their collective ability to meet the criteria. While all above criteria are relevant for stability operations, some carry a greater significance to the successful application of economics within a stability operation. There are a variety of sources that provide principles for stability operations. US Army FM 3-07 uses all of the principles of war and applies them to stability operations. Some individual writers, highly respected in the counterinsurgency field, such as Galula and Thompson, have fewer principles, but define them in such a way that many of the principles of war are included. Similarly, British and US military doctrine on operations other than war have fewer principles that incorporate some of the broader principles of war. From an interagency perspective, S/CRS and Joint Forces Command produced a document that provides principles to use when planning for stability operations that includes a subset of the principles of war.

While there is disagreement among the above documents as to principles for stability operations, six of the criteria from chapter 3 are commonly cited among the different sources on principles of counterinsurgency. The more commonly cited criteria include unity of command (unity of effort), objective, mass, economy of force, security, and offensive. These more commonly recognized criteria would receive the preponderance of the analysis followed by last two criteria, maneuver and simplicity. The more commonly recognized criteria will be referred to as primary criteria with the remaining criteria being referred to as secondary criteria. Training and accession will also

be addressed with respect to the inherent challenges posed by preparing personnel to perform economic development within the context of stability operations.

Institutional Structures--Primary Criteria

Under the Principles of War framework, unity of command is a foundational capability that facilitates the subsequent criteria. Unity of command is very difficult to achieve among agencies with a history of relative independence. Previous US Government experience shows that unity of command will take a generation or longer to achieve if it is not made a high priority at all levels of government. As an example, the movement to unified command by the military has been a difficult lesson learned over many years. “Faced with the need to establish unified command of US military forces in peacetime, the Joint Chiefs of Staff in 1946 created an organizational directive . . . which was the first in a series of documents known as Unified Command Plans” (Cole et al. 2003, iii). Even after the Unified Command Plans were established, the military still did not achieve unity of command or unity of effort. As a result, Congress intervened with the *Goldwater-Nichols Act* of 1986. This Act legislated that military departments assign combat forces to combatant commanders, and it ensured that the chain of command for combatant commanders went straight to the secretary of defense thus bypassing the military departments (Public Law 99-433 1986). These conditions created an environment that supported unity of command within a theater of operations. Even after Goldwater-Nichols, unity of command across the Services has been an evolutionary process improving with time as oppose to a quick dramatic change. There is a striking similarity between the interagency environment of today and the defense agency environment prior to World War II. Unfortunately, there is currently no interagency

equivalent to the *Goldwater-Nichols Act*. As recently as February of 2006, Defense Secretary Rumsfeld stated his concern to the Senate Armed Services Committee that there is not a *Goldwater-Nichols Act* to facilitate the unity the effort among the various agencies of the US Government (Scarborough 2006). The mechanisms in lieu of a formal unity of command are coordinating groups such as the Joint Interagency Coordinating Group. While these groups are helpful, they do not result in the unity of effort established within the military and reinforced by the *Goldwater-Nichols Act*. This concern is highlighted by the recent efforts of US government agencies in Iraq.

In Iraq, efforts to establish local governance were undertaken by three disparate actors: the Coalition Provisional Authority, the coalition forces, and the U.S. Agency for International Development, through the Research Triangle Institute. According to Perito, the work of these three groups often overlapped and was uncoordinated, which hindered progress on this important front. Village councils established by inexperienced coalition battalion commanders had to be dismantled after finding they contained disreputable members. The experience in Iraq demonstrated that planning and pre-positioning resources, as well as ensuring that U.S. civilian agencies and the U.S. military develop expertise in establishing local governance and operate in a coordinated fashion, is essential for success. (United States Institute of Peace 2005,1)

The purpose behind unity of command is to facilitate unity of effort in accomplishing a given task. As a basic principle, unity of effort is not only espoused by the DoD, but is also affirmed by S/CRS. In a document jointly produced by the DoD and the State Department, *US Government Draft Planning Framework for Reconstruction, Stabilization, and Conflict Transformation*, S/CRS includes unity of effort as one of its principles of planning (United States Joint Forces Command 2005, 8). Unfortunately, there is no evidence to conclude interagency unity of command has been achieved when engaging in stability operations or even endorsed by all agencies active in stability operations. The military experience provides a useful example for interagency unity in

stability operations. Analogously, interagency unity of command would require an overall leader for a given stability operation similar to the role a combatant commander fills for a military operation. In December of 2005, the President released National Security Presidential Directive (NSPD) 44, which established the State Department as the lead agency for coordinating efforts in stability operations. The document states that “the Secretary of State shall coordinate and lead integrated US Government efforts involving all US departments and agencies with relevant capabilities to prepare, plan for, and conduct reconstruction and stabilization activities (The White House 2005, 2). The document goes on to state that it does not affect command relationships within the military. NSPD 44 shows progress toward unity of effort, but it does not guarantee that unity of command or unity of effort will be achieved. NSPD 44 provides a similar foundation for the government agencies that the Unified Command Plan provided for the military. Unfortunately, it does not include a mechanism by which the State Department can direct other government agencies to participate in a stability operation. Lacking such a mechanism, the State Department will have to rely on the good will of other agencies for their participation (McDonald 2006). Without this ability to require participation, unity of effort among the government agencies will be fractured ultimately harming efforts to achieve the objectives of stability operations. Government agencies are generally careful to guard their independence from encroachment by other agencies. This resistance to encroachment was evident in the difficulty and length of time it took for the military services to develop a true unity of command. Even after the lessons of World War II pointed toward joint warfare under a unified commander, these traits were not truly incorporated into military doctrine and practices until generations later. It will not

be necessary to compromise the independence of an overall government agency for the sake of unity in a stability operation. Instead, that independence should be balanced against the requirement for a small part of that organization to be unified under a single leader when entering the already complex environment of economic development within a stability operation. Finally, these steps toward unity of command should receive legislative priority both in funding and by enacting a law similar to the *Goldwater-Nichols Act*.

Unity of command is a foundation that facilitates the development of properly chosen, well-coordinated economic objectives within a stability operation. In turn, unified objectives requires the ability to integrate economic planning into both deliberate plans and contingency action plans for a stability operation, so all forces are working toward the same purpose. As seen in the quote above on Iraq, at that stage in the stability operation, coordinated planning was not achieved to the degree that all government agencies were working toward common objectives. Even for stability operations that are ultimately successful, conflicting objectives can still be an elusive target that hampers economic recovery resulting in a prolonged operation and increased expense. While post World War II Germany was ultimately successful, conflicting objectives dramatically raised the difficulty in economic development.

As early as 1946, U.S. economists had plans for replacing the debased reichsmark with a new currency. The deutschmark was not introduced until 1948 ... because the Allies and the Soviets had joint control over the currency until then. The Western powers were afraid that the Soviets would print large quantities of a new currency to purchase goods from the Western zones, negating the effects of a currency reform. (Dobbins et al. 2003, 18)

This quotation provides an example of the difficulty presented by conflicting objectives.

The conflicting objectives between Western powers and the Soviets resulted in years of

delay before this extremely important currency reform could be completed. Analogously, conflicting objectives among US government agencies will result in delays and inefficiency in the realm of economic development.

The military performs both the deliberate planning and contingency action planning with a focus on the combat portion of an expected operation. For a stability operation, the primary players in the economic aspects of the stability operation must be involved in this planning to ensure the economics is incorporated into the overall planning process. Deliberate plans are built to meet a hypothetical situation in the future and rely largely on assumptions. To incorporate the economic community in these plans would require representatives from economic areas both within the military and within other governmental organizations. The military has a small number of reserve personnel embedded in the civil affairs career field from which to currently resource their economic capability. In addition, the military has contracted expertise from the private sector to supplement its capability. These personnel are used to integrate economic considerations into existing deliberate plans. Beyond this narrow intramilitary capability, there has historically been limited economic interaction among the government agencies in the deliberate planning process. In testimony to Congress about the planning for stability operations in Iraq,

Air Force Chief of Staff Gen. John Jumper said the problem “calls for an **interagency, deliberate planning process** much like the deliberate planning process we have in the military, where formal assignments are made within the interagency to get upfront commitment to what the post-major combat operations requirements will be.” (Hess 2004)

Heightening the need for economic interaction among the government agencies is the fact that the already meager number of reservist billets used for economics by the

military is expected to decrease in coming years (US Department of the Army 2005, 10-17). The crisis action planning process also suffers from a deficiency of dedicated, integrated economic planning. While there is a narrow intra-military capability, the interaction among government agencies has not historically been sufficient. Even after three years in Afghanistan,

[T]he [US] **Ambassador [to Afghanistan] did not believe that the existing embassy management structure was sufficient to plan**, coordinate, and monitor U.S. operations and did not have confidence in the accuracy of reconstruction assistance reporting. (US Government Account Office 2005, 51)

The lack of management infrastructure highlights the poor integration of economic planning among the interagency. Not only was the infrastructure inadequate for deliberate planning that should have occurred prior to the war, but three years into the stability operation, the infrastructure remains inadequate. This lack of coordinated management gave way to initiatives designed to address the situation such as the development of an ad hoc organization called Afghan Reconstruction Group (ARG), a creation of the DoD and State Department. Unfortunately, while adding additional management structure, these groups also added a degree of confusion that hampered a common drive to unified objectives.

Some USAID contractors became confused by ARG advisors' efforts to direct the reconstruction effort. For example, ARG advisors responsible for economic governance issues tried to direct the activities of USAID's contractor for that sector. To clarify lines of authority, USAID informed its contractors that they were to take direction from USAID alone. (US Government Account Office 2005, 51)

That being said there are positive signs on the horizon. Both S/CRS and USAID have been working more closely with the military. As an example, USAID is beginning to send representatives to the military commands such as the Pacific Command. These

representatives are expected to focus on planning and advice for the commands that would include the economics. While these representatives account for solid progress, neither USAID nor S/CRS have sufficient organic manning to provide a robust economic planning capability for both the long range deliberate planning and the shorter crisis action planning. As a result, USAID and S/CRS will require contract support until they can secure increases in personnel. In addition, military planners will have to become more adept at including economic operations into the planning process. This requirement of military planners has been recognized by leadership in the DoD and formally directed in DoD Directive 3000.05. It says in unmistakable language that in the absence of civilian capability, the military will be prepared to “Revive or build the private sector, including encouraging citizen-driven, bottom-up economic activity and constructing necessary infrastructure” (DoDD 3000.05 2005, 2).

Making progress toward these common objectives will require the ability to apply economic mass when and where it is needed. In turn, the ability to apply economic mass requires access to sufficient streams of personnel, equipment, supplies, information, cash and contracting authority. In a stability operation that requires a significant military presence, the military will most likely control the majority of personnel, equipment, supplies and cash. They will also have some contracting authority in the region. In this situation, the military will carry a significant capacity for economic operations simply because of their considerable resources. Funding flexibility is paramount for the success of the military, or any other government agency, in applying economic mass where it is most needed. Christopher Hoh, director for response strategy and resource management

for S/CRS, makes the case for increased funding flexibility using the training of the Afghan Police force.

In this case of training Afghan police, the [US] military, which generally has more flexible spending authority in war zones, was prohibited from funding civilian training. Yet the consequences of not funding that training fell most heavily on military forces charged with bringing order to the country. 'If we had had some flexible response money upfront, we could have avoided that,' Hoh says. (Peters 2006, 1)

The inherent resources of the military lend credence to the idea that the military should maintain some economic competence that can leverage these resources in stability operations. This concept is addressed by Galula in his book, *Counterinsurgency Warfare Theory and Practice*.

To confine soldiers to purely military functions while urgent and vital tasks have to be done, and nobody else is available to undertake them would be senseless. The soldier must then be prepared to become a propagandist, a social worker, a civil engineer, a schoolteacher, a nurse, a boy scout. But only for as long as he cannot be replaced, for it is better to entrust civilian tasks to civilians. (Galula 1964, 88)

Also giving credence to the need for maintaining an economic competence within the military is the concept of the "golden hour." The golden hour refers to a limited window where the intervention from outside a nation can maintain a sense of popular support as well as international legitimacy (Jones et al. 2004, xii). During much of this window the military will likely be the primary if not the only government agency with significant resources in country.

Chandrasekaran, [journalist in residence at the International Reporting Project at the Johns Hopkins School for Advanced International Studies (SAIS) and former Washington Post Baghdad bureau chief] ... spoke to the need to match the authority to enact reconstruction policies with the resources to implement them. He commented that in Iraq it took too long to mobilize the resources required to demonstrate the U.S. commitment to the reconstruction effort. This led to disenchantment and frustration among Iraqis, which has hindered our progress on the ground. Likewise, part and parcel of matching the authority to enact

reconstruction policies with the capacity to implement them is the need to implement projects quickly. Hoffman [Executive Director of the Afghanistan Reachback Office at the Department of Defense] stressed that his experiences in Afghanistan demonstrated that “the Golden Hour is a very real phenomenon and the speed of implementation counts.” (United States Institute of Peace 2005)

While the military should retain some economic development capability, the depth of economic knowledge and ability from other government agencies such as USAID, the Treasury Department, and the Commerce Department should be leveraged as much as possible and as early as possible in a stability operation. This leads to the need for redundancy in economic capability. The military needs to have sufficient economic capability to execute a coherent economic development program during the golden hour that will be consistent with the overall objectives of the stability operation and consistent with follow-on efforts of other government agencies. These other government agencies will then need to have the capacity to bring the preponderance of economic capability that will replace and expand the original military reconstruction efforts.

The balance to being able to execute mass is maintaining economy of force operations throughout the nation being stabilized. A government will not have the capacity to mass economic resources at all places across the nation at all times. Even in times of peace, governments have budgets and decide between competing priorities, not all of which will be funded. Exacerbating this limitation of mass is the fact that in a stability operation, the need for economic development will outpace the government’s ability to apply mass. With the golden hour phenomena still a factor, people will expect some sign of commitment to economic development. Hence the need to conduct economy of force operations, while mass is being conducted in areas of greater need. This requirement for economy of force operations is reinforced by the Malayan

counterinsurgency experience of Sir Robert Thompson. In his book, *Defeating the Communist Insurgency*, Mr. Thompson states, “If the insurgency is country-wide, it is impossible to tackle it offensively in every area. It must be accepted that in certain areas, only a holding operation can be conducted” (1966, 55).

While centralized control is necessary to execute overall policy and drive resources to mass operations, decentralized execution is a key requirement for continuing some economic development activity in areas where economic mass is not being applied. In a stability operation, the conditions across the nation will not be uniform. As a result, the preponderance of the approaches to local economic development will need to be planned for and resolved locally. A similar requirement for decentralized execution was found in the 1899 to 1902 US counterinsurgency campaign in the Philippines. In this successful campaign, military leadership garrisoned in a local area determined the combination of force, economic development, and other incentives that would best support stability in their locality (Deady 2005, 66). This wide array of solution sets was a product of the wide variance in the insurgency itself. This diversity of solution sets is illustrated with a quick examination of the counterinsurgency operation on the Philippine Island of Luzon.

[A]s the U.S. Army struggled against insurgents in southwestern Luzon, conditions in the island’s northern provinces were entirely different. There, the resistance failed to attract widespread support from the ethnically mixed population, which provided the Americans with a reliable corps of supporters and informers. (Donnelly and Serchuk 2003)

The Philippines example demonstrates one facet of difference among local forces for instability among many possible differences to include strength, capability, tactics, and demands. To facilitate this local economy of force operation, resources, authority,

and personnel familiar with economic development must be granted to the leaders at the local level who are charged with maintaining stability in their area of operations. Some if not much of this local economy of force effort will either purposefully or by default fall under the responsibility of the military because of the ubiquitous presence resulting from the military necessary for security. Beyond the problems of availability during the golden hour, civilian agencies supporting stability efforts do not have organic staffing to provide a robust persistent presence in all of the places requiring their services in a significant post conflict stability operation. As an example, S/CRS is projecting a need of 3,000 additional personnel to address their stability operation requirements as outlined in NSPD 44 (McDonald 2006). The need for effective economic development to be initiated during the golden hour and continued throughout the stability operation leads to the conclusion that some redundant economic development capability must be kept in the military and that civilian agencies will need an expanded capability.

The primary purpose of the ubiquitous military forces mentioned above is of course to win military victory, and with respect to a stability operation, provide a physically secure environment. However, economic development and physical security must proceed in a parallel fashion or risk discouraging retreats in what were hard fought areas of stability. Sir Robert Thompson clearly delineates this point as he defines his third principle for stability operations, “the government must have an overall plan” (1966, 55).

There should be a proper balance between the military and the civil effort ... otherwise a situation will arise in which military operations produce no lasting results because they are unsupported by civil follow-up action. Similarly, civilian measures, particularly in areas disputed with the insurgents, are a waste of time and money if they are unsupported by military operations. (Thompson 1966, 55)

This quotation highlights the significance of having the ability to integrate economic development with military capabilities and operations in both planning and execution. The concept of integrating security with economic development is a lesson relearned in the Iraq stability operation. In analyzing the attacks in their area of operations, Task Force Baghdad found “a direct correlation existed between the level of local infrastructure status, unemployment figures, and attacks on US soldiers (Chiarelli and Michaelis 2005, 10). Putting this analysis to practice, Task Force Baghdad was able to mass funding in economic development projects where they believed the payoff would be greatest with respect to measurements they kept for both economics and security. Having taken these steps, they found again that “a direct correlation emerged between funding, when it became available to employ Sadr City residents . . . and a steep decline in the number of terrorist incidents occurring in the same area” (Chiarelli and Michaelis 2005, 12).

Unfortunately, the US has also been stung by the fact that providing economic development in areas where the environment lacks security will not enhance stability. An example of this situation is the first United Nations Operation Mission in Somalia (UNOSOM I) and the corresponding US operation, Provide Relief. During this operation, the United Nations and US were bringing in tons of critically needed relief supplies daily. Unfortunately, the security situation during this operation only grew worse with convoys being harassed by bandits and a ship bearing relief supplies being fired upon in Mogadishu Harbor forcing it to turn away with the badly needed supplies (Allard 2002, 14-15). The significance of the need for parallel operations relates to the inextricable relationship between economics and security. If an area is physically secured but the

people cannot feed their families and their expectation of economic improvement is not met, security will likely diminish. If funding is used to develop the economy of a particular area and there is no security, the economy will quickly falter.

General Charles Krulak, Marine Corps Commandant from 1995 to 1999, makes a similar observation about the necessity of parallel operations using his phrase “three block war.” This phrase describes the challenges marines and soldiers face in missions that have a wide spectrum of operations from humanitarian, to full scale combat simultaneously being performed within the same (three block) area of operations. As a result of these challenges, economic development within a stability operation must be planned and executed in parallel with efforts to establish security.

As mentioned above, both USAID and S/CRS have been more actively involved with the military in deliberate and contingency planning. While these efforts will no doubt produce fruit, the necessary integration of economic development and security will require integration at the lower level MDMP and an embedded economic capability with military units. Inclusion at the MDMP level will allow economic thought to enter the problem solving process the military uses when developing a course of action for a given tactical problem. Armed with knowledge of the synergistic relationship between economic development and security, a commander will be able to generate a course of action that is optimal for his or her area of operations. This detailed planning and its execution will be much more arduous if the economic input to the process is not from a capability that is embedded with the unit. If done from a distance, the economist will not be able to assess the challenges first hand and advocate a responsive input to the process. Absent that responsive input, the plan and execution may very well move forward

without focused, economic development input because of real time constraints. This will result in reducing the solution set available to the commander thus compromising his or her decision-making ability and the executed solution.

Whether applying mass or economy of force, all economic development operations must be executed with an offensive spirit. Gaining the economic initiative will circumvent enemy attempts to build resentment in the population from the perception that their life will be worse under the leadership of the government being established or stabilized. The goal of gaining and keeping the initiative is to preclude popular support for an alternative to the stability effort that can be established through violent means. General MacArthur realized the significance of using economic initiative in building support for his democratic reforms in Japan.

MacArthur, worried that his democratization program would be undermined by hunger, lobbied for more substantial assistance, arguing that the United States would have to supply either more food or more forces. He was initially able to supplement the meager supplies with 800,000 tons of surplus military food resulting from the rapid drawdown in occupation forces. His 1946–1947 budget request included \$250 million for food, fertilizer, petroleum products, and medicine, an amount exceeding the combined budgets of the U.S. Departments of Commerce, Justice, and Labor that year. He got it. (Dobbins et al. 2003, 37)

In this postwar Japan example, General MacArthur was wise enough to realize that neglecting the economic environment would have dire security consequences. As a result, he took the economic initiative to ensure sufficient supplies were provided to preempt a violent confrontation that could have been spurred by a bleak economic outlook.

Economic intelligence and analysis is the driving force to providing decision makers with courses of action that incorporate economic initiatives to thwart recruitment into the forces for instability. The needed economic intelligence and analysis capability is

spread across numerous agencies in the US government. There is currently some teamwork among the government agencies to produce economic information about the nations of the world. While stability operations were not the primary purpose of this information gathering, they can certainly benefit from the reports produced and the expertise gained during the research. An example of this teamwork is found in the State Department Embassies working in conjunction with the Commerce Department and other government agencies to produce country commercial guides. These country commercial guides provide a wealth of information on the economic status and infrastructure of a given nation.

The DoD has some analytical economic capability as well. In addition to the reservist capability maintained through Army Civil Affairs, the services have a small number of people who focus on cost and economics. While the majority of the focus is on analysis of costs related to military expenditures, there is also an element that analyzes broader economic issues as they relate to the DoD. The economic analytical capability together with the military background could provide a venue for integration of economics into stability operations.

Another organization that adds a unique contribution is USAID. USAID has resident personnel performing economic development in 74 countries and is operating in almost 100 nations (Champaign, February 2006). This widespread capability brings a valuable economic intelligence that can be used to assist an economy during a stability operation.

While some of these capabilities may seem redundant, they are all necessary. The organizations each have a capability to serve an independent purpose and are focused

toward that purpose. Fortunately, the capabilities can also be used to the benefit of stability operations. Each of the described organizations brings a similar, but unique contribution to the economic development activities within a stability operation. The need is to ensure there is a synergy among the capabilities offered and products produced so that efficiency of effort is maximized.

Institutional Structures--Secondary Criteria

In order to gain the initiative rapidly, those performing economic development will have to employ maneuver which in this case requires a robust, rapidly deployable, persistent force that can meet a variety of economic challenges simultaneously in multiple places while planning for contingencies when the original plan has failed. The DoD has the most mature deployment capability of the government agencies. In addition to their organic capability, the DOD has shown the propensity to recruit for senior advisors to assist with economic development during stability operations. Specifically, the DOD recruited for private sector personnel with a “minimum of 10 years in a leadership position in core private sector enterprise development by entrepreneurs (as an entrepreneur, enterprise COO [chief operating officer] or higher)” (Afghan Reconstruction Group, 2006). A significant military presence on the ground has the capability to be present in many areas of a nation simultaneously and the capability to shift forces from one area to another rapidly while providing their own security during movement. This ability to move forces rapidly means the military will be able to have personnel where the economic need is greatest. Unfortunately, their capacity of economically trained and focused personnel is less certain. As mentioned earlier, the military has a small core of reservists within the Civil Affairs community that have both a

military and economic background. The financial community within the military constitutes another potential source of financial knowledge, but is primarily focused on internal military financial matters versus developing courses of action that would support economic development and stabilization of a nation. As a result, local military units without economic personnel may be forced into making economic decisions for a local area without the training and background that will help them to determine the range of effects of those decisions.

USAID also has some deployment capability. Beyond their ongoing operations in almost 100 nations, USAID is able to deploy a team for humanitarian assistance purposes within forty-eight hours. Currently USAID's capability to deploy into a political crisis where an actively violent conflict is ongoing is more limited than that of their purely humanitarian assistance teams. USAID's ongoing presence around the world certainly gives a sense of persistence in their operations. This type of economic persistence has not consistently been a routine function of stability operations. The Haiti stability operation discussed in chapter 1 demonstrates a case where some of the immediate goals of the stability operation were achieved, but progress eroded with the conclusion of the stability operation (Dobbins et al. 2003, 83). Acknowledging the need for greater integration, USAID, the State Department, and the DoD have begun conducting joint exercises to ensure better integration of efforts across the range of stability operations. Unfortunately, neither the State Department nor USAID are currently resourced to be sufficiently robust to satisfy the breadth required of a large operation. The Department of Commerce does have Investment and Reconstruction Task Forces for Iraq and Afghanistan, but these Task Forces work from the US and are not deployable entities. While the ability to

rapidly deploy is certainly improving, it is not yet to a point where the US can quickly and smoothly have economic expertise where it is needed.

In order to adequately support the economic planning processes, a robust communication competence must be established that facilitates simplicity in directions given. There needs to be a common terminology and format for communication among the various government agencies involved in economic operations so that communications among the organizations is clear and efficient. Having common training and doctrine would provide a foundation from which this communication competence could grow. This common framework does not currently exist, although there are potential forums in existing organizations such as the Naval Post Graduate School and the National Defense University where they could be developed.

Institutional Structures--Training and Accessions

A robust multifaceted training capability incorporating all government agencies involved in economic development will provide the common framework from which planning and execution can develop from a unified policy. The DoD maintains financial schools, but those schools are focused on maintaining the finances of the Department as oppose to the economics of a stability operation. Other DoD schools provide more in-depth training on stability operations, but still do not have a focus on the economics of these operations. One venue the DoD has established for stability operations that includes a training component is the Army War College Peacekeeping and Stability Operations Institute (PKSOI). This institute is listed by S/CRS as part of their interagency team. The current intended audience for Peacekeeping and Stability Operations Institute training is mid- to senior-level officials for the US military, interagency personnel, non-

governmental organization personnel, and military personnel from other nations. Both the Naval Post Graduate School and the National Defense University offer an academic venue under which a training program could be maintained for economic development within stability operations.

USAID hires personnel with training and experience in the fields they require. Upon accession, these personnel receive some USAID specific training, but there is not a significant employee-training venue within USAID. While lacking the resources for a large training program, USAID did recently meet with National Defense University to discuss synchronization of military and civilian training for stability operations (Champaign, April 2006). This meeting leads in the direction of an interagency combined training capability attended and instructed by all agencies involved with economic development as part of a stability operation. Agencies could then leverage existing universities within the DoD to provide standardized training and a greater interagency understanding for all professionals working economic development within stability operations.

Both the Departments of Commerce and Treasury have training that covers a variety of areas, but the focus of that training supports the specific requirements of their agency's mission vice stability operations. While some of their training courses might be useful as part of a larger training program, the Departments of Commerce and Treasury are not sufficiently immersed in the stability operations arena to make that a focus of their internal training regimen or have them provide the venue for interagency training. While training on stability operations as a whole is gaining ground, there is currently not

a sufficiently integrated interagency training focus on the economic aspects of stability operations.

As mentioned in chapter 3, organizations involved with the economic piece of stability operations must have the ability to recruit personnel who are capable of performing the business of economic development in the various environments to include hostile environments. There are many government organizations capable of recruiting a force with impressive economic talent. The Departments of Treasury and Commerce both have a history of recruiting economists who have skills in the area of economic development. In addition to their small reservist capability, the DoD retains some personnel to address economic issues strictly related to defense. As a result, they do not have a robust force with training and experience in economic development. S/CRS has a resident economist and has plans to include an economic development capability within their civilian conflict response capability. The parent organization to S/CRS, the State Department, currently recruits economic talent focused on foreign economic affairs, which incorporates a useful blend of talents. USAID also employs economists and carries the resultant ability to recruit in the field of economics. From the array of agencies with economic talent, acquiring the capable personnel should not be a problem. The difficulty will be in the employment of those people in areas where economic development needs to occur, but are still considered hostile. The DoD is currently the only agency with a mechanism to compel its personnel to enter these hostile areas. That of course refers to their military personnel. Civilians from other agencies, under some circumstances, may even be prohibited from entering these areas by current personnel rules. In addition, there will likely be a hesitancy to adopt changes to personnel rules that would allow non-

military personnel to be required to work in dangerous environments. Non-military agencies in some cases may be able to find volunteers to fill these critical positions. Other options for all agencies include experts from business and academia that could be integrated into operations when needed similar to the way reservists are incorporated into the active duty military when needed. The cost of this method of accession will likely be high with the level of danger involved in the task. In addition, these players would be less able to maintain an institutional knowledge if they are only brought in for a specific crisis. Conversely, for areas of knowledge that are rarely needed and used only for a short period of time, contract personnel may provide a way of obtaining unique expertise without having to retain it while it is not needed.

Economic Doctrine

There are two broad doctrinal concepts advocated in this thesis for inclusion into economic doctrine for stability operations. The first concept is that economic doctrine must be integrated into a problem solving process like the MDMP. The second is that economic doctrine must include a systems approach. One current doctrinal document, the US Army FM 3-07, *Stability and Support*, begins to include economics in the doctrinal framework for stability operations. In this doctrine, economics is cited as a reason for instability and incorporated into the Principles of War. Further, the need for economic intelligence and force protection is recognized within this doctrine.

When examining the characteristics of an insurgency, the FM 3-07 builds a framework for analysis of an insurgency, which results in courses of action, one of which is an economic course of action. While this manual certainly shows a promising inclusiveness, it still only addresses economics at its point of interface with other aspects

of stability operations. As a result, economics is beginning to be incorporated into a problem solving process, but the economic thought into this process needs to be pursued further than the scope of FM 3-07 provides. Task Force Baghdad provided an example of where including economics into the problem solving process produced a synergistic solution. Task Force Baghdad was responsible for stability in Baghdad, Iraq. Their analysis of this mission led to the conclusion that stability was not going to be achieved solely through military strength. Instead, they found a need to incorporate political and economic functions as well. Their analysis revealed a direct correlation “between the level of local infrastructure status, unemployment figures and attacks on US soldiers” (Chiarelli and Michaelis 2005, 10). They exploited this information by developing a course of action that incorporated economic solutions so the populace would work with the Task Force to provide a more stable environment. In order for this incorporation of economics to be successful, the decision-makers must move beyond an enemy or terrain focus to a focus of what effect he or she wants to create that will best support the desired end-state.

There is a family of documents produced by the S/CRS, or S/CRS in conjunction with the DoD that address doctrinal types of issues. Two of these documents that address economics are *Post Conflict Reconstruction Essential Tasks*, and the *US Government Draft Planning Framework for Reconstruction, Stabilization and Conflict Transformation*. Of these two documents, the *US Government Draft Planning Framework for Reconstruction, Stabilization and Conflict Transformation* is the most promising document because it is a joint document between the DoD and the State

Department. While not comprehensive, this document does provide a doctrinal type of guidance for economics within the framework of a broader stability operation.

USAID has also produced some high level documents of a doctrinal nature. Two documents from USAID that address economics are: *the Fragile States Strategy* and *At Freedom's Frontiers, A democracy and Governance Strategic Framework*. These documents are well thought out and clearly demonstrate the vast knowledge USAID has acquired over years of providing aid. However, these documents like those of other government agencies do not provide an interagency economic focus that is needed to integrate economic efforts in an overall systems approach. This need for a systems approach with interagency cooperation is true even in operations where economics is the primary consideration. An example of an operation where economic factors demanded a primary consideration was Operation Provide Relief. In this operation, the objectives were to assess relief requirements for Kenya and Somalia, assemble a Joint Task Force and use that Joint Task Force to airlift emergency relief food and supplies to Somalia and Kenya (Allard 2002, 14, 15). While the operation had a strong economic flavor, influences and consequences outside the realm of economics became unavoidable within the course of a year. The United Nations reported "implementing the programme proved difficult. Continuing disagreements among Somali factions on the United Nations role made the countrywide and more effective deployment of UNOSOM impossible" (Department of Public Information 1997). This statement was verified by the fact that within a year after the operation's inception,

General Mohamad Fahrah Aidid's forces shelled and shot at UNOSOM forces controlling the airport, and Mr. Ali Mohamed Mahdi's forces shelled ships carrying food as they attempted to enter Mogadishu port. General Aidid objected

to United Nations control of the airport; Mr. Ali Mohamed Mahdi wanted UNOSOM to take full control of the port. On 13 November, after coming under machine-gun, rifle and mortar fire, the Pakistani troops controlling the airport returned fire. In the absence of a government capable of maintaining law and order, relief organizations experienced increased hijacking of vehicles, looting of convoys and warehouses, and detention of expatriate staff. (Department of Public Information 1997)

For this type of operation, a systems approach is needed to determine the scope and relationships of the problem to be solved. In the economic oriented mission of Operation Provide Relief there were necessary security and diplomatic tasks that could not be avoided if the operation was to be a success beyond a very short-term narrow focus. All of these tasks must be considered as a system in which acts within one part of the system, economic in this case, will have consequences in other parts of the system, security and diplomatic. Similarly, within a larger security operation there will be economic focused actions such as rebuilding the banking industry and lowering unemployment that will require a systems approach. This approach will mitigate the risk of economic actions being conducted in a vacuum from the potential military, cultural and political consequences.

Even with the benefit of the above documents, there remains no common interagency body of doctrinal documents that is the focus of those required to perform the economic aspects of stability operations. With few exceptions, the documents are broken up by government agency. This hinders the synergy that would result from having interagency doctrine focused on economics. Having combined doctrine highlights other issues that will need to be resolved at a doctrine level among the agencies such as roles and responsibilities, command relationships, integration relationships with military diplomatic and informational forces, what kind of support will be needed for economic

efforts, source of support, and others. The doctrinal type of documentation currently available is missing both this interagency flavor and answers to many questions that need to be addressed among the agencies. There are efforts to view economics within a system of stability and efforts to address the economic system itself. Incorporating economics into an effects based problem solving approach is beginning to have some resonance within the Army, but the mechanisms as to how that is done are not fully developed.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

When engaging in a stability operation, there must be unity of command for the economic development and the stability operation as a whole. The unity of command for stability operations must be established in a way that does not threaten the independence of any entire government agency. Instead, only a dedicated portion of each agency subject to direct support of stability operations will come under the authority of a unified commander during a stability operation. In order for this unity of command to be possible, there must be an enforcement mechanism by which agencies are compelled to release competent employees to the authority of a centralized commander. While NSPD-44 recognizes the need for interagency integration, it does not dictate unity of command. This document needs to be followed by a presidential-level document requiring unity of command within stability operations and dictating the extent of the requirements of the various government agencies.

To make the policy into a lasting relationship among the government agencies, Congress should codify the unity of command concept into a law similar to the *Goldwater-Nichols Act*. The difference is the command relationship only exists for personnel committed to stability operations; relationships among the government agencies remain in their current status outside of stability operations. The next logical question is: Who should be the leader within this relationship. The leadership should be dictated by the operation itself. If the operation is military focused and there is no significant local State Department representation, a military leader should be appointed.

This was the case after World War II for Germany where General Clay was appointed the military governor and for Japan where General MacArthur was the Supreme Commander of the Allied Powers. In other cases, the State Department will have a presence and have a leader who can represent the US Government in the stability operation. The leader will probably be selected from someone who already has responsibility in the area such as an ambassador, a combatant commander, or a joint task force commander.

Prior to the onset of a stability operation, the primary players in stability operations must be able to plan economic operations in an integrated fashion. USAID has realized the need to engage in deliberate and crisis action planning and is beginning to send representatives to military commands like Pacific Command who perform this detailed planning. Since the military currently is the primary organization developing these types of detailed plans, USAID's efforts are right on target. NSPD 44 directs the State Department to coordinate planning for stability operations. As such, S/CRS should aggregate the personnel requirements and secure funding through Congress as a single program across agencies. The intent of a unified submittal is to ensure the significance of this planning function is well understood by Congress and is given proper legislative priority. In addition, S/CRS should lead and organize civilian planning cells within the military commands building deliberate and crisis action plans.

While deliberate and crisis action plans should be joint, there will be times in execution, especially in the "golden hour," when civilian agencies will not be represented in the stability operation. Since the military may be the only organization present, it is critical for the military to have knowledge of economic development. As a result, the military needs to retain its economic and commerce reserve personnel and increase the

number of active duty personnel it has who are capable of planning and executing economic operations. This capability is redundant with the capabilities of civilian agencies, but again, that is a necessary redundancy to ensure economic development can progress before the arrival of civilian agencies. The Army Civil Affairs career field should retain economic and commerce capabilities at the brigade level and higher with enough force strength to supplement subordinate units when necessary. Unfortunately, the Civil Affairs career field has recently proposed reducing this specialty as part of an overall restructuring. Beyond the reserve personnel, the Civil Affairs community should include active duty personnel who would be able to act as an advocate for economic development. The active duty personnel would be able to:

1. Facilitate a continuity of purpose in developing and executing economic development policy within the military,
2. Coordinate active duty personnel, reserve personnel, and assets that can be tapped for economic development so economic capability is appropriately applied to economic requirements, and
3. Liaison with other government agencies to facilitate a greater unity of effort as interagency doctrine and training are developed and executed.

In addition to the Civil Affairs personnel the training and duties of the military financial career fields should be expanded to include economic development. These financial personnel should not only be trained in an academic environment, but they should also have assignment rotations with government agencies possessing a greater expertise in economic development such as USAID. Incorporating the financial community will provide a greater depth and convenience to number of sources a

commander can draw from when confronted with economic development challenges. All of these sources can provide economic development expertise while helping their units prepare for stability operations by including realistic economic development experience into exercises. More importantly, they will be able to interject unique insights into the MDMP process so the decision maker is able to determine the best course of action among both lethal and non-lethal alternatives during actual stability operations. To a lesser degree, personnel whose duties have unavoidable economic consequences such as civil engineering and contracting, should have some training in economic development. This training should provide them with insights into the economic consequences of the decisions they will be making during a stability operation.

Beyond the problems of availability during the golden hour, civilian agencies supporting stability efforts need to have organic deployable staffing to provide a robust persistent presence in the places requiring their services during significant post conflict stability operations. While independently determining the number of personnel needed for this capability is beyond the scope of this thesis, S/CRS is projecting a need of 3,000 additional personnel to address their stability operation requirements as outlined in NSPD 44 (McDonald 2006). In addition to establishing this cadre of personnel, those tasked should be capable of working closely with those providing security, which for the purpose of this thesis is the military. To better understand the military, these personnel should attend some form of professional military education. To this end, the State Department is currently scheduled to have students attend the Army Command and General Staff College for the 2006-2007 academic year (Cleveland 2006). This year-long training is an exceptional opportunity to gain a strong knowledge of how the Army

operates. While some of the personnel will no doubt need this in-depth level of training, many would be able to adequately interface with the military after a shorter academic curriculum designed to familiarize them with the military and its problem solving methods. This type of course should be followed with participation in one of the many military exercises.

Another issue that must be addressed is funding flexibility. During the execution of a stability operation a variety of fund appropriations will be required to bring the operation to a successful conclusion. Increasing the flexibility of how funds can be used will allow leaders to spend funds where they need to be spent in the dynamic environment of stability operations. As a result, funds appropriated to a stability operation should be allowed for any purpose that furthers the progress of that stability operation. There should not be funding fences that restrict leaders in their ability to respond to the evolving environment within the stability operation. Doing this does not mean the funds are without restriction. Like every other appropriation, Congress would place restrictions on the funds that would prohibit using them outside of their intended purpose, which in this case is for stability operations. Doing this would require Congress to define legitimate expenditures for funds appropriated in the context of stability operations. Funding strictly tied to a stability operation should flow through the unified leader discussed above to the sub-organizations that will be charged with executing the funds. Other funds like military pay and direct hire civilian pay should continue to be appropriated, apportioned, and executed through current channels.

In execution of economic development, opportunities for economic intelligence must be maximized. There are currently some venues to gather information on a local

economy in a given area. One of these venues is the Commerce Department website which includes such things as the Business Guide to Iraq, the Overview of Key Industries in Iraq, and country commercial guides. With representatives in almost 100 nations, USAID also possesses very valuable intelligence on the economic environment of a variety of nations. Information about these points of contact and other economic intelligence resources should be maintained at a centralized repository that can be quickly accessed so information can be shared quickly and efficiently among the government agencies working together in economic development.

A common center must be established to facilitate training and doctrine for economic development and reconstruction. Economic development and reconstruction should be a well-defined subset of a larger stability operations curriculum. This center needs to accomplish a variety of tasks to include:

1. A common terminology and format for communication
2. A broad series of training opportunities that enhance the capabilities of all government agencies involved in economic development and reconstruction.
3. A certification program designating levels of training for personnel. Goals should be set for agencies to have a minimum percentage of personnel trained to a particular certification level
4. A common doctrinal foundation that gives authoritative but not restrictive guidance so regardless of the agency performing economic development, there will be a common foundation from which the effort will proceed. Some of the critical issues that need to be sorted out in doctrine are: common procedures, roles and responsibilities,

resources and skill sets required, and authorities required such as warrants for personnel contracting on behalf of the United States Government.

The military has organic venues that would be suitable for developing this type of training and doctrine center. Two such venues that have both the infrastructure and perspective to build this capability are the National Defense University and the Naval Postgraduate School. One of these institutions should be pursued as a primary institution where this training and doctrine center will reside. The selected institution will then serve as a hub of activity interfacing with other institutions, both government and non-government, to ensure training, doctrine and research is as advanced as possible.

Recommendations for Further Research

This thesis intentionally focuses on how the US structures economic power for stability operations. As such, there are a variety of areas where additional research would prove beneficial. One area of research should examine the impact of non-governmental organizations and governments outside of the US on economic development within a stability operation. Another area of research beyond the scope of this thesis is economic development within stability operations where the military is not involved. One final area of research that should be pursued is to examine specific economic policies that will be successful in stability operations. Similarly, if there are economic policies that will be successful only in a particular set of conditions, then the research must evaluate the conditions under which a given economic policy results in greater stability.

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